

DEPARTMENT OF VETERANS AFFAIRS

The 2005 budget provides \$29,654 million in discretionary funding for veterans health, benefits, and other services, including \$32,073 million in gross discretionary budget authority and \$2,419 million in anticipated discretionary medical collections.

VA is submitting its 2005 budget request using a new account structure that focuses on nine major programs—medical care, research, disability compensation, pension, education, housing, vocational rehabilitation and employment, insurance and burial. The new budget account structure will better position VA to more readily determine the full cost of each of our programs. This will allow the Department to more effectively evaluate the program results we achieve with the total resources associated with each program.

The Secretary shall conduct by contract a program of recovery audits for the fee basis and other medical services contracts with respect to payments for hospital care; and, notwithstanding 31 U.S.C. 3302(b), amounts collected, by setoff or otherwise, as the result of such audits shall be available, without fiscal year limitation, for the purposes for which funds are appropriated under this heading and the purposes of paying a contractor a percent of the amount collected as a result of an audit carried out by the contractor: Provided further, That all amounts so collected under the preceding proviso with respect to a designated health care region (as that term is defined in 38 U.S.C. 1729A(d)(2)) shall be allocated, net of payments to the contractor, to that region.

In addition, such sums as may be deposited to the Medical Care Collection Fund pursuant to 38 U.S.C. 1729A may be transferred to this account, to remain available until expended for the purposes of this account.

MEDICAL PROGRAMS

Federal Funds

General and special funds:

MEDICAL CARE

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for the maintenance and operation of hospitals, nursing homes, and domiciliary facilities; for furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Department of Veterans Affairs, including care and treatment in facilities not under the jurisdiction of the Department; furnishing recreational facilities, supplies, equipment, and information technology hardware and software; funeral, burial, and other expenses incidental thereto for beneficiaries receiving care in the Department; aid to State homes as authorized by 38 U.S.C. 1741; reimbursements as authorized by 41 U.S.C. 612 for claims paid for contract disputes; administrative and legal expenses of the Department for collecting and recovering amounts owed the Department as authorized under 38 U.S.C. chapter 17, and the Federal Medical Care Recovery Act, 42 U.S.C. 2651 et seq., and such sums as necessary to fund cost comparison studies as referred to in 38 U.S.C. 8110(a)(5): \$27,051,893,000, plus reimbursements, of which not to exceed \$1,396,000,000 shall be available until September 30, 2006. Amounts appropriated herein shall be available as follows:

- (1) For construction, alteration and improvement of any facility under the jurisdiction of or for the use of the Department for the provision of health-care services, or for any of the purposes set forth in 38 U.S.C. sections 8102–8103, 8106, 8108–8110, 8122 and 8162, including advance planning and design activities, off-site utility and storm drainage system construction costs, and site acquisition and disposition, \$582,900,000, to remain available until expended, of which no less than \$523,900,000 shall be for Capital Asset Realignment for Enhanced Services activities;*
- (2) For grants to assist States to acquire or construct State nursing home and domiciliary facilities, and to remodel, modify, or alter existing hospital, nursing home, and domiciliary facilities in State homes; for furnishing care to veterans as authorized by 38 U.S.C. 8131–8137, not to exceed \$105,163,000, to remain available until expended;*
- (3) For Central Office executive direction, administration, and supervision of Department medical and construction programs, including development and implementation of policies, plans, and program objectives, not to exceed \$87,126,000, of which \$4,000,000 shall be available until September 30, 2006: Provided, That technical and consulting services offered by the Facilities Management Field Service shall be provided to Department components only on a reimbursable basis;*
- (4) For the DoD VA Health Care Sharing Incentive Fund, as authorized by section 721 of Public Law 107–314, a minimum of \$15,000,000, to remain available until expended, for any purpose authorized by 38 U.S.C. 8111.*

[MEDICAL SERVICES]

[For necessary expenses for furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Department of Veterans Affairs and veterans described in paragraphs (1) through (8) of section 1705(a) of title 38, United States Code, including care and treatment in facilities not under the jurisdiction of the department and including medical supplies and equipment and salaries and expenses of health-care employees hired under title 38, United States Code, and aid to State homes as authorized by section 1741 of title 38, United States Code; \$17,867,220,000, plus reimbursements: Provided, That of the funds made available under this heading, not to exceed \$1,100,000,000 shall be available until September 30, 2005: Provided further, That, notwithstanding any other provision of law, the Secretary of Veterans Affairs shall establish a priority for treatment for veterans who are service-connected disabled, lower income, or have special needs: Provided further, That, notwithstanding any other provision of law, the Secretary of Veterans Affairs shall give priority funding for the provision of basic medical benefits to veterans in enrollment priority groups 1 through 6: Provided further, That of the funds made available under this heading, the Secretary may transfer up to \$400,000,000 to “Construction, major projects” for purposes of implementing CARES subject to a determination by the Secretary that such funds will improve access and quality of veteran’s health care needs: Provided further, That, notwithstanding any other provision of law, the Secretary of Veterans Affairs may authorize the dispensing of prescription drugs from Veterans Health Administration facilities to enrolled veterans with privately written prescriptions based on requirements established by the Secretary: Provided further, That the implementation of the program described in the previous proviso shall incur no additional cost to the Department of Veterans Affairs.]

[MEDICAL ADMINISTRATION]

[For necessary expenses in the administration of the medical, hospital, nursing home, domiciliary, construction, supply, and research activities, as authorized by law; administrative expenses in support of capital policy activities; information technology hardware and software; uniforms or allowances therefor, as authorized by sections 5901–5902 of title 5, United States Code; and administrative and legal expenses of the department for collecting and recovering amounts owed the department as authorized under chapter 17 of title 38, United States Code, and the Federal Medical Care Recovery Act (42 U.S.C. 2651 et seq.); \$5,000,000,000, of which \$150,000,000 shall be available until September 30, 2005, plus reimbursements.]

[MEDICAL FACILITIES]

[For necessary expenses for the maintenance and operation of hospitals, nursing homes, and domiciliary facilities and other necessary facilities for the Veterans Health Administration; for administrative expenses in support of planning, design, project management, real property acquisition and disposition, construction and renovation of any facility under the jurisdiction or for the use of the department; for oversight, engineering and architectural activities not charged to project costs; for repairing, altering, improving or providing facili-

General and special funds—Continued

MEDICAL CARE—Continued

[MEDICAL FACILITIES]—Continued

ties in the several hospitals and homes under the jurisdiction of the department, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials; for leases of facilities; and for laundry and food services, \$4,000,000,000, of which \$150,000,000 shall be available until September 30, 2005.]

[GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES]

[For grants to assist States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify or alter existing hospital, nursing home and domiciliary facilities in State homes, for furnishing care to veterans as authorized by 38 U.S.C. 8131–8137, \$102,100,000, to remain available until expended.] (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Unavailable Receipts (in millions of dollars)

| Identification code 36–0160–0–1–703 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| 01.99 Balance, start of year | 104 | 115 | 106 |
| Receipts: | | | |
| 02.20 First party collections, MCCF | 104 | 129 | 138 |
| 02.21 Third party collections, MCCF | 804 | 917 | 1,037 |
| 02.22 Pharmaceutical copayments, Veterans health services improvement | 578 | 657 | 920 |
| 02.23 Enhanced-use lease proceeds, veterans health services improvement | | 1 | 1 |
| 02.24 Enrollment fee, MCCF | | | 268 |
| 02.25 Compensated work therapy, MCCF | | 40 | 42 |
| 02.26 MCCF, Long-term care copayments | | 6 | 9 |
| 02.27 Parking fees, MCCF | | 3 | 3 |
| 02.40 Payments from compensation and pension, MCCF | | | |
| 02.99 Total receipts and collections | 1,486 | 1,753 | 2,418 |
| 04.00 Total: Balances and collections | 1,590 | 1,868 | 2,524 |
| Appropriations: | | | |
| 05.00 Medical care | –1,475 | –1,762 | –2,419 |
| 07.99 Balance, end of year | 115 | 106 | 105 |

Program and Financing (in millions of dollars)

| Identification code 36–0160–0–1–703 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Direct program: | | | |
| Operating expenses: | | | |
| Provision of veterans health care: | | | |
| 00.01 Acute hospital care | 5,505 | 6,316 | 6,835 |
| 00.02 Rehabilitative care | 468 | 451 | 494 |
| 00.03 Psychiatric care | 1,131 | 1,178 | 1,211 |
| 00.04 Nursing home care | 2,313 | 2,213 | 1,914 |
| 00.05 Subacute care | 273 | 247 | 216 |
| 00.06 Residential care | 449 | 496 | 546 |
| 00.07 Outpatient care | 11,585 | 13,740 | 14,589 |
| 00.08 Miscellaneous benefits and services | 1,456 | 1,594 | 1,677 |
| 00.09 National Program Administration (NPA-MAMOE) | 70 | 86 | 84 |
| 00.10 CHAMPVA | 328 | 433 | 527 |
| 00.91 Total operating expenses | 23,578 | 26,754 | 28,093 |
| Capital investment: | | | |
| Provision of veterans health care: | | | |
| 01.01 Acute hospital care | 444 | 287 | 426 |
| 01.02 Rehabilitative care | 45 | 29 | 43 |
| 01.03 Psychiatric care | 78 | 51 | 75 |
| 01.04 Nursing home care | 86 | 56 | 82 |
| 01.05 Subacute care | 16 | 10 | 15 |
| 01.06 Residential care | 26 | 17 | 25 |
| 01.07 Outpatient care | 812 | 526 | 774 |
| 01.08 Miscellaneous benefits and services | 43 | 28 | 41 |
| 01.09 National Program Administration (NPA-MAMOE) | 1 | 3 | 3 |
| 01.11 Construction, major projects | 128 | 225 | 475 |
| 01.12 Construction, minor projects | 156 | 256 | 186 |
| 01.13 CHAMPVA | 4 | 4 | 4 |
| 01.91 Total capital investment | 1,839 | 1,492 | 2,149 |
| Grant Program: | | | |
| 02.01 Grants to States | 173 | 157 | 104 |

| | | | |
|--|---------|---------|---------|
| 02.93 Total direct program | 25,590 | 28,403 | 30,346 |
| 09.01 Reimbursable program | 221 | 463 | 222 |
| 10.00 Total new obligations | 25,811 | 28,866 | 30,568 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 1,428 | 1,261 | 1,156 |
| 22.00 New budget authority (gross) | 25,644 | 28,760 | 29,693 |
| 23.90 Total budgetary resources available for obligation | 27,072 | 30,021 | 30,849 |
| 23.95 Total new obligations | –25,811 | –28,866 | –30,568 |
| 24.40 Unobligated balance carried forward, end of year | 1,261 | 1,156 | 280 |
| New budget authority (gross), detail: | | | |
| Discretionary: | | | |
| 40.00 Appropriation | 23,860 | 26,705 | 27,052 |
| 40.20 Appropriation (special fund) | 1,475 | 1,762 | 2,419 |
| 40.35 Appropriation permanently reduced (P.L. 108–7) | –3 | | |
| 40.35 Appropriation permanently reduced (H.R. 2673) | | –160 | |
| 40.35 Appropriation permanently reduced (H.R. 2673) | | –10 | |
| 42.00 Transferred from other accounts | 5 | | |
| 43.00 Appropriation (total discretionary) | 25,337 | 28,297 | 29,471 |
| Spending authority from offsetting collections: | | | |
| 68.00 Offsetting collections (cash) | 252 | 463 | 222 |
| 68.10 Change in uncollected customer payments from Federal sources (unexpired) | 12 | | |
| 68.90 Spending authority from offsetting collections (total discretionary) | 264 | 463 | 222 |
| Mandatory: | | | |
| 69.00 Offsetting collections (cash) | 43 | | |
| 70.00 Total new budget authority (gross) | 25,644 | 28,760 | 29,693 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 3,192 | 3,958 | 4,821 |
| 73.10 Total new obligations | 25,811 | 28,866 | 30,568 |
| 73.20 Total outlays (gross) | –25,030 | –28,003 | –28,667 |
| 73.40 Adjustments in expired accounts (net) | –14 | | |
| 74.00 Change in uncollected customer payments from Federal sources (unexpired) | –12 | | |
| 74.10 Change in uncollected customer payments from Federal sources (expired) | 11 | | |
| 74.40 Obligated balance, end of year | 3,958 | 4,821 | 6,722 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new discretionary authority | 21,763 | 24,457 | 24,877 |
| 86.93 Outlays from discretionary balances | 3,228 | 3,546 | 3,790 |
| 86.97 Outlays from new mandatory authority | 39 | | |
| 87.00 Total outlays (gross) | 25,030 | 28,003 | 28,667 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| Offsetting collections (cash) from: | | | |
| 88.00 Federal sources | –125 | –227 | –109 |
| 88.40 Non-Federal sources | –175 | –236 | –113 |
| 88.45 Offsetting governmental collections (from non-Federal sources) | –8 | | |
| 88.90 Total, offsetting collections (cash) | –308 | –463 | –222 |
| Against gross budget authority only: | | | |
| 88.95 Change in uncollected customer payments from Federal sources (unexpired) | –12 | | |
| 88.96 Portion of offsetting collections (cash) credited to expired accounts | 13 | | |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 25,337 | 28,297 | 29,471 |
| 90.00 Outlays | 24,723 | 27,540 | 28,445 |

For 2005, the budget requests total resources for the VA Medical Care Business Line of \$29.5 billion, an increase of \$1.2 billion (\$0.5 billion in appropriation and \$0.7 billion in collections) over the 2004 level. This includes \$27.1 billion in appropriated budget authority, \$2.4 billion to be collected in the Medical Care Collections Fund.

The budget request also includes a comprehensive set of legislative and regulatory proposals that will continue to concentrate VA's health care resources to meet the needs of our highest priority core veterans—those with service-connected conditions, those with lower incomes, and veterans with special health care needs. These proposals are in response to the significant growth in enrollment and usage by priority level 7 and 8 veterans over the last 4 years, as well as anticipated future growth. To address the rapid growth in

the number of health care users and ensure that VA continues to provide timely, high-quality health care to our core population, the proposals focus primarily on nonservice-connected veterans with comparatively higher incomes.

There are two components to the set of proposals. First, establish an annual enrollment fee for all priority level 7 and 8 veterans. Second, increase copayments for outpatient care and pharmacy benefits for priority level 7 and 8 veterans. The legislative proposals associated with these policy proposals are included in the administrative provisions of the appropriation request. Resource request estimates in this section reflect the net cost and revenue associated with these policy proposals.

The Medical Care Business Line appropriation finances the maintenance, administration, construction, alteration, and operation of a comprehensive, integrated health care delivery system that addresses the needs of the Nation's veterans.

Medical Care.—Provides for the health care system that supports eligible veterans; a national academic education and training program to enhance veterans' quality of care; responsibilities for assistance in natural emergencies and backup to the Department of Defense health care system; administrative support for capital facilities, and the DOD VA Health Care Sharing Incentive Fund.

National Program Administration.—Provides corporate leadership and support to VA's comprehensive and integrated health care system with a Headquarters' staff that includes a capital facilities management and development process.

Compensated Work Therapy Program (formerly Special Therapeutic and Rehabilitation Activities Fund).—This program provides a transition-working environment for veterans living in community assisted living arrangements under VA psychiatric care to help them become self-sufficient.

Capital Investments.—Provides for capital investments, necessary to ensure VA's infrastructure is adequate to support the delivery of quality health care. The capital investment program finances the following activities:

(1) **Major and Minor Construction.**—Provides for constructing, altering, extending, and improving any VA facility. This includes planning, architectural and engineering services, Capital Asset Realignment for Enhanced Services (CARES) activities, assessments, and site acquisition where the estimated cost of a project is \$7,000,000 or over for major construction and less than \$7,000,000 for minor construction.

(2) **Grants for Construction of State Extended Care Facilities.**—Provides for grants to assist States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify, or alter existing hospital, nursing home, and domiciliary facilities in State homes, for furnishing care to veterans.

Medical Care Collections Fund (MCCF).—VA estimates collections of more than \$2.4 billion, representing 8 percent of available resources. The objective of consolidating all collections into the MCCF is to improve planning, simplify systems, enhance the recovery of funds, and focus on accountability for medical collections. This fund will consist of revenue derived from the following sources:

(1) **Medical Care Collections Fund.**—VA has the authority to collect inpatient and outpatient co-payments, medication co-payments, and nursing home co-payments; authority for certain income verification; authority to recover third-party insurance payments from veterans for nonservice-connected conditions; and authority to collect revenue from enhanced use leases.

(2) **Long-Term Care Co-payments (formerly Veterans Extended Revolving Fund).**—Long-term co-payments of \$97 a day are collected from non-service connected veterans receiving extended care services such as geriatric evaluation; nursing home care; domiciliary services; adult day health

care; other noninstitutional alternatives to nursing home care; and respite care.

(3) **Compensated Work Therapy Program (formerly Special Therapeutic and Rehabilitation Activities Fund).**—These funds are derived from actual work performed by patients and members in VA health care facilities under contracts developed with private industry, non-profit organizations, and state and federal entities and are used to support the program.

(4) **Compensation and Pension Living Expenses Program (formerly Medical Facilities Revolving Fund).**—Veterans who do not have either a spouse or child may have their monthly pension payments reduced to \$90. The difference between the veteran's regular monthly pension payment and the \$90 is transferred from the Compensation and Pension account to the Compensation and Pension Living Expenses Program.

(5) **Parking Program (formerly Parking Revolving Fund).**—VA collects parking fees for the use of parking facilities at VA facilities.

(6) **Sale of Assets (formerly the Nursing Home Revolving Fund).**—Provides for construction, alteration, and acquisition (including site acquisition) of medical care facilities through collections that may be realized from the transfer of any interest in real property that is owned by the United States and administered by the Department of Veterans Affairs.

WORKLOAD

Provision of Veterans Health Care—

Acute hospital care.—Costs for 2005 are estimated to increase by \$599 million for operating medical, neurological, surgical, contract and State home hospital beds.

Estimated operating levels are:

| | 2003 actual | 2004 est. | 2005 est. |
|----------------------------|-------------|-----------|-----------|
| Patients treated | 476,413 | 491,324 | 506,315 |
| Average daily census | 8,150 | 8,112 | 8,084 |
| Average employment | 48,764 | 50,123 | 51,677 |

Rehabilitative care.—An increase of \$53 million in 2005 is estimated for the provision of rehabilitative care, including spinal cord injury care.

Estimated operating levels are:

| | 2003 actual | 2004 est. | 2005 est. |
|----------------------------|-------------|-----------|-----------|
| Patients treated | 15,471 | 15,566 | 15,720 |
| Average daily census | 1,197 | 1,199 | 1,197 |
| Average employment | 4,552 | 4,602 | 4,674 |

Psychiatric care.—An increase of \$46 million is estimated in 2005 for the inpatient care of veterans with problems related to mental illness, including alcohol and drug problems.

Estimated operating levels are:

| | 2003 actual | 2004 est. | 2005 est. |
|----------------------------|-------------|-----------|-----------|
| Patients treated | 95,026 | 90,640 | 86,638 |
| Average daily census | 3,147 | 2,803 | 2,506 |
| Average employment | 12,216 | 12,220 | 12,258 |

Nursing home care.—In 2005, a decrease of \$294 million is estimated for the care of residents in VA nursing homes, contract nursing homes and State nursing homes.

Estimated operating levels are:

| | 2003 actual | 2004 est. | 2005 est. |
|----------------------------|-------------|-----------|-----------|
| Patients treated | 92,516 | 87,954 | 79,820 |
| Average daily census | 33,408 | 33,069 | 31,579 |
| Average employment | 22,192 | 22,193 | 19,382 |

Noninstitutional extended care.—Included in outpatient estimates in 2005 is an increase of \$132 million estimated for noninstitutional extended care programs such as adult day care; home based primary care, skilled nursing and rehabilitation care; and home health aids.

Estimated operating levels are:

| | 2003 actual | 2004 est. | 2005 est. |
|----------------------------|-------------|-----------|-----------|
| Average daily census | 24,413 | 29,631 | 36,524 |

General and special funds—Continued

MEDICAL CARE—Continued

[GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES]—Continued

Subacute care.—A decrease of \$26 million is estimated in 2005 for the treatment of veterans who require a level of care between acute and long-term care, as provided in VA hospital intermediate bed sections.

Estimated operating levels are:

| | 2003 actual | 2004 est. | 2005 est. |
|----------------------------|-------------|-----------|-----------|
| Patients treated | 17,183 | 16,496 | 15,505 |
| Average daily census | 595 | 613 | 686 |
| Average employment | 2,977 | 2,375 | 1,897 |

Residential care.—An increase of \$52 million is estimated in 2005 for the care of veterans in locations other than their own homes, such as residential rehabilitation and domiciliary care programs.

Estimated operating levels are:

| | 2003 actual | 2004 est. | 2005 est. |
|----------------------------|-------------|-----------|-----------|
| Patients treated | 45,207 | 44,165 | 42,992 |
| Average daily census | 10,619 | 11,046 | 10,844 |
| Average employment | 4,908 | 4,920 | 4,935 |

Outpatient care.—An increase of \$966 million is estimated in 2005 for the cost of outpatient medical and dental care provided by staff, physicians, and dentists participating under a fee basis arrangement for certain eligible veterans.

Estimated operating levels are:

NUMBER OF MEDICAL VISITS AND DENTAL WORKLOADS

| | 2003 actual | 2004 est. | 2005 est. |
|--------------------------------|----------------|----------------|----------------|
| Medical visits (in thousands): | | | |
| Staff visits | 46,544 | 49,493 | 52,438 |
| Fee visits | 3,216 | 3,622 | 4,043 |
| Readjustment counseling | 996 | 998 | 1,000 |
| Total | 50,756 | 54,113 | 57,481 |
| Dental: | | | |
| Staff: | | | |
| Examinations | 458,361 | 490,000 | 490,000 |
| Treatments | 134,073 | 140,000 | 140,000 |
| Total | 592,434 | 630,000 | 630,000 |
| Fee: Cases completed | 16,420 | 17,000 | 17,000 |
| Average employment | 78,782 | 84,023 | 87,543 |

Miscellaneous benefits and services.—An increase of \$82 million is estimated in 2005 for the cost of this activity which includes items of nondirect medical care and treatment such as beneficiary travel, care of the dead, operation of personnel quarters at medical facilities, and the cost of furnishing supply, engineering, housekeeping, and other administrative support services to other departments on a nonreimbursable basis.

| | 2003 actual | 2004 est. | 2005 est. |
|--------------------------|-------------|-----------|-----------|
| Average employment | 8,384 | 8,803 | 9,243 |

National program administration (NPA).—In 2005, a decrease of \$1 million reflects a proposed move of 16 Research affiliated FTE currently under NPA into Medical and Prosthetic Research Business line.

| | 2003 actual | 2004 est. | 2005 est. |
|--------------------------|-------------|-----------|-----------|
| Average employment | 551 | 575 | 556 |

Construction, major.—In 2005, an increase of \$250 million is estimated for the implementation of the Capital Asset Realignment for Enhanced Services (CARES) program that will right-size the health care infrastructure. CARES will assess veterans' health care needs across the country and guide the reallocation of capital assets to support the delivery of quality health care.

Construction, minor.—In 2005, a decrease of \$70 million is estimated for construction projects costing less than \$7 million. These projects will reduce risks to patient life and safety, correct code deficiencies, improve inpatient care and ambulatory care settings, and implement CARES. CARES funding is \$162 million and seismic funding is \$20 million.

Civilian health and medical program of the Department of Veterans Affairs (CHAMPVA).—An increase of \$97 million is estimated in 2005 for private hospital and outpatient care for dependents and survivors of certain veterans.

Estimated operating levels are:

| | 2003 actual | 2004 est. | 2005 est. |
|-------------------------------------|-------------|-----------|-----------|
| Average daily hospital census | 291 | 334 | 357 |
| Outpatient (in thousands) | 2,963 | 5,012 | 5,829 |
| Average employment | 420 | 420 | 420 |

Grants to States.—In 2005, a decrease of \$53 million in obligations is estimated for grants for the construction of State extended care facilities. This decrease is the result of an increase in 2003 obligations due to several factors in 2002 such as States not meeting mandatory grant requirements, deferring projects until 2003, or canceling project requests. Additionally, a one-time adjustment in fiscal year 2002 grant processing procedures reflecting a Congressionally mandated priority methodology produced a backup in the grant application processes which delayed funding until 2003. This new methodology has since been fully implemented and all grant applications are being processed as funds are available and State matching funds are provided.

PERFORMANCE MEASURES

Provide High Quality Health Care.—Use of clinical practice guidelines in treating patients results in improved health of veterans and reduced use of services. The prevention index spotlights and summarizes a variety of evidenced based measures for high quality preventive health care. VHA's strategy to monitor satisfaction through patient surveys will identify areas of improvement in all medical services.

| | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Clinical Practice Guidelines Index | 70% | 70% | 71% |
| Prevention Index II | 83% | 82% | 84% |
| Percent of patients rating VA health care service as very good or excellent: | | | |
| Inpatient | 74% | 70% | 71% |
| Outpatient | 73% | 72% | 73% |

Access to Medical Care.—VA's strategy is to improve access and timeliness of service by reducing waiting times in specialty and primary care clinics in medical centers nationwide, and by relying more extensively on non-institutional forms of long-term care.

| | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Percentage of primary care appointments scheduled within 30 days of desired date | 93% | 93% | 93% |
| Percentage of specialty care appointments scheduled within 30 days of desired date | 89% | 90% | 90% |
| Increase non-institutional long-term care as expressed by average daily census | 24,413 | 29,631 | 36,524 |

VA DoD Sharing.—VA's strategy is to improve collaboration and exchange with DoD.

| | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Dollar value of sharing agreements with DoD (\$ in millions) | \$92 | \$110 | \$150 |

Revenue Cycle Improvement.—VHA is seeking to improve its performance in the area of medical care collections. The revenue cycle improvement plan includes initiatives that will improve efficiency and accuracy.

| | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Ratio of collections to billings | 41% | 41% | 41% |

Performance Metrics

| Identification code 36-0160-0-1-703 | | 2003 actual | 2004 est. | 2005 est. |
|-------------------------------------|--|-------------|-----------|-----------|
| 1000 | Clinical Practice Guidelines Index (%) | 70 | 70 | 71 |
| 1000 | Prevention Index II (%) | 83 | 82 | 84 |

Object Classification (in millions of dollars)

| Identification code 36-0160-0-1-703 | | 2003 actual | 2004 est. | 2005 est. |
|-------------------------------------|---|-------------|-----------|-----------|
| Direct obligations: | | | | |
| Personnel compensation: | | | | |
| 11.1 | Full-time permanent | 9,125 | 10,513 | 11,507 |
| 11.3 | Other than full-time permanent | 162 | 159 | 164 |
| 11.5 | Other personnel compensation | 1,028 | 1,213 | 1,337 |
| 11.9 | Total personnel compensation | 10,315 | 11,885 | 13,008 |
| 12.1 | Civilian personnel benefits | 2,677 | 2,870 | 3,126 |
| 13.0 | Benefits for former personnel | 12 | 37 | 37 |
| 21.0 | Employee travel | 50 | 55 | 55 |
| 21.0 | Beneficiary travel | 156 | 160 | 160 |
| 21.0 | Interagency motor pool payments | 18 | 20 | 20 |
| 21.0 | All other | 36 | 50 | 50 |
| 22.0 | Transportation of things | 32 | 36 | 36 |
| 23.1 | Rental payments to GSA | 14 | 12 | 11 |
| 23.2 | Rental payments to others | 101 | 108 | 113 |
| 23.3 | Communications, utilities, and miscellaneous charges | 679 | 701 | 702 |
| 24.0 | Printing and reproduction | 11 | 11 | 11 |
| 25.2 | Other contractual services | 2,584 | 2,645 | 2,704 |
| 25.2 | Other construction services | 33 | 54 | 41 |
| 25.6 | Outpatient dental fees | 18 | 16 | 17 |
| 25.6 | Medical and nursing fees | 586 | 608 | 603 |
| 25.6 | Community nursing homes | 250 | 259 | 259 |
| 25.6 | Contract hospitalization | 389 | 404 | 416 |
| 25.6 | Civilian Health and Medical Program of the Department of Veterans Affairs | 230 | 402 | 495 |
| 26.0 | Medical supplies and materials | 4,987 | 5,439 | 5,682 |
| 26.0 | Provisions | 75 | 75 | 75 |
| 31.0 | Equipment | 1,018 | 1,018 | 1,019 |
| 32.0 | Medical land and structures | 467 | 473 | 469 |
| 32.0 | Construction, major projects, land and structures | 126 | 222 | 470 |
| 32.0 | Construction, minor projects, land and structures | 122 | 200 | 145 |
| 41.0 | Medical grants, subsidies, and contributions | 388 | 428 | 460 |
| 41.0 | Medical Grants to private organizations | 42 | 56 | 56 |
| 41.0 | Grants, subsidies, and contributions for construction of State extended care facilities | 173 | 157 | 104 |
| 43.0 | Interest and dividends | 1 | 2 | 2 |
| 99.0 | Direct obligations | 25,590 | 28,403 | 30,346 |
| 99.0 | Reimbursable obligations | 221 | 463 | 222 |
| 99.9 | Total new obligations | 25,811 | 28,866 | 30,568 |

Personnel Summary

| Identification code 36-0160-0-1-703 | | 2003 actual | 2004 est. | 2005 est. |
|-------------------------------------|---|-------------|-----------|-----------|
| Direct: | | | | |
| 1001 | Total compensable workyears: Civilian full-time equivalent employment | 182,532 | 187,176 | 191,242 |
| Reimbursable: | | | | |
| 2001 | Total compensable workyears: Civilian full-time equivalent employment | 1,270 | 3,134 | 1,399 |

MEDICAL AND PROSTHETIC RESEARCH

For necessary expenses in carrying out programs of medical and prosthetic research and development as authorized by chapter 73 of title 38, United States Code, to remain available until September 30, [2005, \$408,000,000] 2006, \$769,540,000, plus reimbursements. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

| Identification code 36-0161-0-1-703 | | 2003 actual | 2004 est. | 2005 est. |
|---|---|-------------|-----------|-----------|
| Obligations by program activity: | | | | |
| Direct program: | | | | |
| Operating expenses: | | | | |
| 00.01 | Bio-medical laboratory science research | 401 | 433 | 385 |
| 00.02 | Rehabilitation research | 86 | 89 | 84 |
| 00.03 | Health services research | 114 | 115 | 112 |

| | | | | |
|--|--|------|------|------|
| 00.04 | Clinical science research | 120 | 136 | 119 |
| 00.91 | Total operating expenses | 721 | 773 | 700 |
| Capital investment: | | | | |
| 01.01 | Bio-medical laboratory science research | 47 | 48 | 47 |
| 01.02 | Rehabilitation research | 11 | 12 | 11 |
| 01.03 | Health services research | 5 | 5 | 5 |
| 01.04 | Clinical science research | 7 | 9 | 7 |
| 01.91 | Total capital investment | 70 | 74 | 70 |
| 01.92 | Total direct program | 791 | 847 | 770 |
| 09.01 | Reimbursable program | 57 | 44 | 50 |
| 10.00 | Total new obligations | 848 | 891 | 820 |
| Budgetary resources available for obligation: | | | | |
| 21.40 | Unobligated balance carried forward, start of year | 21 | 47 | 21 |
| 22.00 | New budget authority (gross) | 874 | 864 | 820 |
| 23.90 | Total budgetary resources available for obligation | 895 | 911 | 841 |
| 23.95 | Total new obligations | -848 | -891 | -820 |
| 24.40 | Unobligated balance carried forward, end of year | 47 | 21 | 21 |
| New budget authority (gross), detail: | | | | |
| Discretionary: | | | | |
| 40.00 | Appropriation | 825 | 822 | 770 |
| 40.35 | Appropriation permanently reduced | -3 | -2 | |
| 41.00 | Transferred to other accounts | -5 | | |
| 43.00 | Appropriation (total discretionary) | 817 | 820 | 770 |
| Spending authority from offsetting collections: | | | | |
| 68.00 | Offsetting collections (cash) | 51 | 44 | 50 |
| 68.10 | Change in uncollected customer payments from Federal sources (unexpired) | 6 | | |
| 68.90 | Spending authority from offsetting collections (total discretionary) | 57 | 44 | 50 |
| 70.00 | Total new budget authority (gross) | 874 | 864 | 820 |
| Change in obligated balances: | | | | |
| 72.40 | Obligated balance, start of year | 119 | 123 | 157 |
| 73.10 | Total new obligations | 848 | 891 | 820 |
| 73.20 | Total outlays (gross) | -837 | -856 | -820 |
| 73.40 | Adjustments in expired accounts (net) | -4 | | |
| 74.00 | Change in uncollected customer payments from Federal sources (unexpired) | -6 | | |
| 74.10 | Change in uncollected customer payments from Federal sources (expired) | 3 | | |
| 74.40 | Obligated balance, end of year | 123 | 157 | 156 |
| Outlays (gross), detail: | | | | |
| 86.90 | Outlays from new discretionary authority | 737 | 735 | 696 |
| 86.93 | Outlays from discretionary balances | 100 | 121 | 124 |
| 87.00 | Total outlays (gross) | 837 | 856 | 820 |
| Offsets: | | | | |
| Against gross budget authority and outlays: | | | | |
| Offsetting collections (cash) from: | | | | |
| 88.00 | Federal sources | -7 | -8 | -13 |
| 88.40 | Non-Federal sources | -47 | -36 | -37 |
| 88.90 | Total, offsetting collections (cash) | -54 | -44 | -50 |
| Against gross budget authority only: | | | | |
| 88.95 | Change in uncollected customer payments from Federal sources (unexpired) | -6 | | |
| 88.96 | Portion of offsetting collections (cash) credited to expired accounts | 3 | | |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 817 | 820 | 770 |
| 90.00 | Outlays | 783 | 812 | 770 |

For 2005, the total budgetary resources of \$1.7 billion remain essentially unchanged. These resources are comprised of direct appropriations of \$770 million and federal and private sector grants of \$900 million, which represents 54 percent of the total resources.

The 2005 budget request reflects a new account structure that will better position VA to more readily determine the full cost of a comprehensive research program leading the Nation's efforts to promote the health care of veterans. The Medical and Prosthetic Research Business Line includes the consolidation of what was the Medical and Prosthetic Research appropriation and the medical care research support funding formerly appropriated in the Medical Care appropriation.

General and special funds—Continued

MEDICAL AND PROSTHETIC RESEARCH—Continued

This account is an intramural program whose mission is to acquire knowledge and create innovations that advance the health and care of veterans and the Nation. Veterans' health issues are addressed comprehensively in the following four program divisions and the medical care research support required for these programs:

Bio-Medical Laboratory Research.—This research strives to understand the disease process so that efficient, rational interventions can be made to cure or alleviate the effects of disease. The program supports investigator-initiated research projects, the training of clinicians in basic and clinical research, and centers of excellence devoted to specific diseases. The research is done in areas particularly relevant to the veteran population—aging, chronic disease, mental illness, substance abuse, military occupations, and environmental exposures.

Rehabilitation Research.—Rehabilitation Research is dedicated to the development and application of science and engineering to improve the care and quality of life for the physically disabled. The program supports investigator-initiated research projects, the training of clinicians and engineers in rehabilitation research, centers of excellence devoted to specific disabilities, and technology transfer. The research is done in areas particularly relevant to the disabled veteran population—aging, sensory loss, and trauma related illness.

Health Services Research.—Health Services Research is directed toward improving the outcome effectiveness and cost efficiency of health care delivery for the veteran population. The program supports investigator-initiated research projects, the training of clinicians in applied clinical research, centers of excellence devoted to specific aspects of health care delivery, and service-directed projects addressing clinical management needs. The research focuses on the translation of research findings to clinical best practices for all veteran patients. Particular contributions are made in the areas of aging, substance abuse, health systems, and special populations.

Clinical Science Research.—Clinical Science Research will encompass interventional and observational studies in humans, including pharmacological and surgical studies.

Medical Research Support.—Provides the indirect costs of the VA Research and Development program which includes such costs as the facility utility costs associated with laboratory space; administrative costs of human resources support, fiscal service, and supply service attributable to research; research's portions of a medical center's hazardous waste disposal and nuclear medicine licenses; and, most importantly, the funding for the time clinicians devote to their research activities.

VA's Medical and Prosthetic Research programs are included in the Federal Science & Technology (FS&T) budget.

Focus on Training New Clinical Researchers.—The objective of the Career Development program is to train an increasing number of VA clinicians who can conduct research in areas of high relevance to the health care of veterans.

| | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Number of Career Development Awardees | 210 | 237 | 240 |

SUMMARY OF PROGRAM RESOURCES

| (In millions of dollars) | | | |
|---|--------------|--------------|--------------|
| | 2003 actual | 2004 est. | 2005 est. |
| Medical and prosthetic research appropriation | 817 | 820 | 770 |
| Federal resources | 456 | 483 | 534 |
| Other non-federal resources | 306 | 307 | 366 |
| Total program resources | 1,579 | 1,610 | 1,670 |

Object Classification (in millions of dollars)

| Identification code 36-0161-0-1-703 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Direct obligations: | | | |
| Personnel compensation: | | | |
| 11.1 Full-time permanent | 98 | 143 | 131 |
| 11.3 Other than full-time permanent | 191 | 198 | 188 |
| 11.5 Other personnel compensation | 57 | 64 | 59 |
| 11.9 Total personnel compensation | 346 | 405 | 378 |
| 12.1 Civilian personnel benefits | 104 | 104 | 97 |
| 13.0 Benefits for former personnel | 1 | 1 | 1 |
| 21.0 Employee travel | 6 | 7 | 6 |
| 22.0 Transportation of things | 1 | | 1 |
| 23.3 Communications, utilities, and miscellaneous charges | 5 | 4 | 2 |
| 24.0 Printing and reproduction | 1 | 1 | 1 |
| 25.2 Other services | 203 | 198 | 176 |
| 26.0 Supplies and materials | 67 | 67 | 59 |
| 31.0 Equipment | 49 | 53 | 46 |
| 32.0 Land and structures | 8 | 7 | 3 |
| 99.0 Direct obligations | 791 | 847 | 770 |
| 99.0 Reimbursable obligations | 57 | 44 | 50 |
| 99.9 Total new obligations | 848 | 891 | 820 |

Personnel Summary

| Identification code 36-0161-0-1-703 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Direct: | | | |
| 1001 Total compensable workyears: Civilian full-time equivalent employment | 6,315 | 6,239 | 5,740 |
| Reimbursable: | | | |
| 2001 Total compensable workyears: Civilian full-time equivalent employment | 260 | 260 | 260 |

CANTEEN SERVICE REVOLVING FUND

Program and Financing (in millions of dollars)

| Identification code 36-4014-0-3-705 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 09.01 Reimbursable operating expenses | 133 | 144 | 147 |
| 09.02 Reimbursable direct operations | 88 | 96 | 98 |
| 09.10 Reimbursable capital investment: Sales program: Purchase of equipment and leasehold | 6 | 5 | 5 |
| 10.00 Total new obligations | 227 | 245 | 250 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 16 | 18 | 13 |
| 22.00 New budget authority (gross) | 229 | 240 | 245 |
| 23.90 Total budgetary resources available for obligation | 245 | 258 | 258 |
| 23.95 Total new obligations | -227 | -245 | -250 |
| 24.40 Unobligated balance carried forward, end of year | 18 | 13 | 8 |
| New budget authority (gross), detail: | | | |
| Mandatory: | | | |
| 69.00 Offsetting collections (cash) | 229 | 240 | 245 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 14 | 17 | 22 |
| 73.10 Total new obligations | 227 | 245 | 250 |
| 73.20 Total outlays (gross) | -224 | -241 | -246 |
| 74.40 Obligated balance, end of year | 17 | 22 | 26 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new mandatory authority | 229 | 239 | 244 |
| 86.98 Outlays from mandatory balances | -5 | 2 | 2 |
| 87.00 Total outlays (gross) | 224 | 241 | 246 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| Offsetting collections (cash) from: | | | |
| 88.00 Federal sources | | -3 | -2 |
| 88.20 Interest on Federal securities | | -2 | -3 |
| 88.40 Non-Federal sources | -229 | -235 | -240 |
| 88.90 Total, offsetting collections (cash) | -229 | -240 | -245 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | | |

| | | | | |
|--------------------------------------|--|----|----|----|
| 90.00 | Outlays | -5 | 1 | 1 |
| Memorandum (non-add) entries: | | | | |
| 92.01 | Total investments, start of year: Federal securities: Par value | 29 | 31 | 28 |
| 92.02 | Total investments, end of year: Federal securities: Par value | 31 | 28 | 29 |

The Veterans Canteen Service was established to furnish, at reasonable prices, merchandise and services necessary for the comfort and well-being of veterans in VA medical facilities.

Financing.—Operations will be financed from current revenues.

Object Classification (in millions of dollars)

| Identification code 36-4014-0-3-705 | 2003 actual | 2004 est. | 2005 est. | |
|-------------------------------------|--|-----------|-----------|-----|
| Personnel compensation: | | | | |
| 11.1 | Full-time permanent | 43 | 46 | 44 |
| 11.3 | Other than full-time permanent | 28 | 36 | 36 |
| 11.9 | Total personnel compensation | 71 | 82 | 80 |
| 12.1 | Civilian personnel benefits | 17 | 20 | 20 |
| 21.0 | Travel and transportation of persons | 1 | 1 | 1 |
| 25.2 | Other services | 3 | 4 | 2 |
| 26.0 | Supplies and materials | 131 | 133 | 142 |
| 31.0 | Equipment | 4 | 5 | 5 |
| 99.9 | Total new obligations | 227 | 245 | 250 |

Personnel Summary

| Identification code 36-4014-0-3-705 | 2003 actual | 2004 est. | 2005 est. | |
|-------------------------------------|---|-----------|-----------|-------|
| Reimbursable: | | | | |
| 2001 | Total compensable workyears: Civilian full-time equivalent employment | 2,837 | 2,850 | 2,850 |

MEDICAL CENTER RESEARCH ORGANIZATIONS

Program and Financing (in millions of dollars)

| Identification code 36-4026-0-3-703 | 2003 actual | 2004 est. | 2005 est. | |
|--|---|-----------|-----------|------|
| Obligations by program activity: | | | | |
| 09.01 | Operating expenses | 162 | 159 | 168 |
| 09.02 | Capital investments | 12 | 19 | 13 |
| 10.00 | Total new obligations | 174 | 178 | 181 |
| Budgetary resources available for obligation: | | | | |
| 21.40 | Unobligated balance carried forward, start of year | 16 | 16 | 16 |
| 22.00 | New budget authority (gross) | 174 | 178 | 181 |
| 23.90 | Total budgetary resources available for obligation | 190 | 194 | 197 |
| 23.95 | Total new obligations | -174 | -178 | -181 |
| 24.40 | Unobligated balance carried forward, end of year | 16 | 16 | 16 |
| New budget authority (gross), detail: | | | | |
| Mandatory: | | | | |
| 69.00 | Offsetting collections (cash) | 174 | 178 | 181 |
| Change in obligated balances: | | | | |
| 73.10 | Total new obligations | 174 | 178 | 181 |
| 73.20 | Total outlays (gross) | -174 | -178 | -181 |
| Outlays (gross), detail: | | | | |
| 86.97 | Outlays from new mandatory authority | 174 | 178 | 181 |
| Offsets: | | | | |
| Against gross budget authority and outlays: | | | | |
| 88.40 | Offsetting collections (cash) from: Non-Federal sources | -174 | -178 | -181 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | | | |
| 90.00 | Outlays | | | |

These nonprofit corporations provide a flexible funding mechanism for the conduct of approved research at Department of Veterans Affairs medical centers. These organizations will derive funds to operate various research activities from

Federal and non-Federal sources. No appropriation is required to support these activities.

Object Classification (in millions of dollars)

| Identification code 36-4026-0-3-703 | 2003 actual | 2004 est. | 2005 est. | |
|-------------------------------------|--|-----------|-----------|-----|
| 21.0 | Travel and transportation of persons | 2 | 2 | 2 |
| 25.2 | Other services | 108 | 111 | 113 |
| 26.0 | Supplies and materials | 44 | 46 | 47 |
| 31.0 | Equipment | 20 | 19 | 19 |
| 99.9 | Total new obligations | 174 | 178 | 181 |

Trust Funds

GENERAL POST FUND, NATIONAL HOMES
(INCLUDING TRANSFER OF FUNDS)

Unavailable Receipts (in millions of dollars)

| Identification code 36-8180-0-7-705 | 2003 actual | 2004 est. | 2005 est. | |
|-------------------------------------|--|-----------|-----------|-----|
| 01.99 | Balance, start of year | 1 | 1 | |
| Receipts: | | | | |
| 02.00 | General post fund, national homes, Deposits | 29 | 34 | 34 |
| 02.40 | General post fund, national homes, Interest on investments | 2 | 3 | 3 |
| 02.99 | Total receipts and collections | 31 | 37 | 37 |
| 04.00 | Total: Balances and collections | 32 | 38 | 37 |
| Appropriations: | | | | |
| 05.00 | General post fund, national homes | -31 | -38 | -37 |
| 07.99 | Balance, end of year | 1 | | |

Program and Financing (in millions of dollars)

| Identification code 36-8180-0-7-705 | 2003 actual | 2004 est. | 2005 est. | |
|--|--|-----------|-----------|-----|
| Obligations by program activity: | | | | |
| 00.01 | Religious, recreational, and entertainment activities | 27 | 28 | 27 |
| 00.02 | Research activities | 2 | 2 | 2 |
| 00.03 | Therapeutic residence maintenance | 1 | 1 | 1 |
| 10.00 | Total new obligations | 30 | 31 | 30 |
| Budgetary resources available for obligation: | | | | |
| 21.40 | Unobligated balance carried forward, start of year | 58 | 59 | 66 |
| 22.00 | New budget authority (gross) | 31 | 38 | 37 |
| 23.90 | Total budgetary resources available for obligation | 89 | 97 | 103 |
| 23.95 | Total new obligations | -30 | -31 | -30 |
| 24.40 | Unobligated balance carried forward, end of year | 59 | 66 | 73 |
| New budget authority (gross), detail: | | | | |
| Mandatory: | | | | |
| 60.26 | Appropriation (trust fund) | 31 | 38 | 37 |
| Change in obligated balances: | | | | |
| 72.40 | Obligated balance, start of year | 5 | 5 | 5 |
| 73.10 | Total new obligations | 30 | 31 | 30 |
| 73.20 | Total outlays (gross) | -30 | -30 | -31 |
| 74.40 | Obligated balance, end of year | 5 | 5 | 5 |
| Outlays (gross), detail: | | | | |
| 86.97 | Outlays from new mandatory authority | 30 | 27 | 28 |
| 86.98 | Outlays from mandatory balances | 3 | 3 | 3 |
| 87.00 | Total outlays (gross) | 30 | 30 | 31 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 31 | 38 | 37 |
| 90.00 | Outlays | 30 | 30 | 31 |
| Memorandum (non-add) entries: | | | | |
| 92.01 | Total investments, start of year: Federal securities: Par value | 47 | 62 | 63 |
| 92.02 | Total investments, end of year: Federal securities: Par value | 62 | 63 | 63 |

This fund consists of: gifts, bequests, and proceeds from the sale of property left in the care of the facilities by former beneficiaries; patients' fund balances; and, proceeds from the

GENERAL POST FUND, NATIONAL HOMES—Continued

(INCLUDING TRANSFER OF FUNDS)—Continued

sale of effects of beneficiaries who die leaving no heirs or without having otherwise disposed of their estate. Such funds are used to promote the comfort and welfare of veterans at hospitals, nursing homes, and domiciliaries where no general appropriation is available. Public Law 102-54 authorizes compensation work therapy and therapeutic transitional housing and loan programs to be funded from the General Post Fund. In addition, donations from pharmaceutical companies, non-profit corporations, and individuals to support VA medical research are deposited into this fund. (38 U.S.C. chs. 83 and 85.)

Object Classification (in millions of dollars)

| Identification code 36-8180-0-7-705 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| 21.0 Travel and transportation of persons | 1 | 2 | 2 |
| 25.2 Other services | 14 | 15 | 15 |
| 26.0 Supplies and materials | 10 | 10 | 10 |
| 31.0 Equipment | 4 | 3 | 2 |
| 32.0 Land and structures | 1 | 1 | 1 |
| 99.9 Total new obligations | 30 | 31 | 30 |

BENEFITS PROGRAMS

Federal Funds

General and special funds:

DISABILITY COMPENSATION BENEFITS

(INCLUDING TRANSFER OF FUNDS)

For the payment of compensation benefits to or on behalf of veterans and a pilot program for disability examinations, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies and for other benefits as authorized by law \$29,289,028,000; of which, not to exceed \$1,615,000 may be transferred to "Disability Compensation Administration" and "Medical Care" for the administrative expenses authorized by the Omnibus Budget Reconciliation Act of 1990 and the Veterans' Benefits Act of 1992. In addition, for making payments after June 30, 2005 for the disability compensation program administered by the Department, such sums as may be necessary. (38 U.S.C. 107, 1312, 1977, and 2106, chapters 11, 13, 18, 23, 39, 51, 53, 55, and 61; 50 U.S.C. App. 540-548; 43 Stat. 122, 123; 45 Stat. 735; 76 Stat. 1198).

[For the payment of compensation benefits to or on behalf of veterans and a pilot program for disability examinations as authorized by law (38 U.S.C. 107, chapters 11, 13, 18, 51, 53, 55, and 61); pension benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapters 15, 51, 53, 55, and 61; 92 Stat. 2508); and burial benefits, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of article IV of the Soldiers' and Sailors' Civil Relief Act of 1940 (50 U.S.C. App. 540 et seq.) and for other benefits as authorized by law (38 U.S.C. 107, 1312, 1977, and 2106, chapters 23, 51, 53, 55, and 61; 50 U.S.C. App. 540-548; 43 Stat. 122, 123; 45 Stat. 735; 76 Stat. 1198), \$29,845,127,000, to remain available until expended: *Provided*, That not to exceed \$17,056,000 of the amount appropriated under this heading shall be reimbursed to "General operating expenses" and "Medical services" for necessary expenses in implementing those provisions authorized in the Omnibus Budget Reconciliation Act of 1990, and in the Veterans' Benefits Act of 1992 (38 U.S.C. chapters 51, 53, and 55), the funding source for which is specifically provided as the "Compensation and pensions" appropriation: *Provided further*, That such sums as may be earned on an actual qualifying patient basis, shall be reimbursed to "Medical facilities revolving fund" to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized.] (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

| Identification code 36-0102-0-1-701 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 01.01 Veterans | 20,796 | 23,008 | 24,929 |
| 01.02 Survivors | 3,890 | 4,108 | 4,318 |
| 01.91 Direct Program by Activities—Subtotal (1 level) | 24,686 | 27,116 | 29,247 |
| 02.93 Total compensation | 24,686 | 27,116 | 29,247 |
| 03.01 Chapter 18 | 16 | 17 | 17 |
| 03.02 Clothing allowance | 47 | 50 | 51 |
| 03.03 Automobiles, adaptive equipment | 42 | 48 | 51 |
| 03.04 Misc Assistance (EA, SA, SA) | 6 | 7 | 7 |
| 03.05 Medical exam pilot program | 57 | 62 | 61 |
| 03.06 OBRA payment to VBA | 2 | 1 | 2 |
| 03.91 Total other compensation expenses | 170 | 185 | 189 |
| 09.02 Reinstated Entitlement for Survivors | 8 | 8 | 7 |
| 09.99 Total reimbursable program | 8 | 8 | 7 |
| 10.00 Total new obligations | 24,865 | 27,309 | 29,443 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 420 | 1,112 | 147 |
| 22.00 New budget authority (gross) | 25,558 | 26,344 | 29,296 |
| 23.90 Total budgetary resources available for obligation | 25,978 | 27,456 | 29,443 |
| 23.95 Total new obligations | -24,865 | -27,309 | -29,443 |
| 23.98 Unobligated balance expiring or withdrawn | -2 | | |
| 24.40 Unobligated balance carried forward, end of year | 1,112 | 147 | |
| New budget authority (gross), detail: | | | |
| Mandatory: | | | |
| 60.00 Appropriation | 25,549 | 26,336 | 29,047 |
| 60.00 Appropriation | | | 242 |
| 62.50 Appropriation (total mandatory) | 25,549 | 26,336 | 29,289 |
| 69.00 Offsetting collections (cash) REPS | 9 | 8 | 7 |
| 70.00 Total new budget authority (gross) | 25,558 | 26,344 | 29,296 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 1,838 | 2,002 | 2,222 |
| 73.10 Total new obligations | 24,865 | 27,309 | 29,443 |
| 73.20 Total outlays (gross) | -24,704 | -27,089 | -31,615 |
| 73.40 Adjustments in expired accounts (net) | 4 | | |
| 74.40 Obligated balance, end of year | 2,002 | 2,222 | 50 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new mandatory authority | 22,442 | 23,975 | 29,246 |
| 86.98 Outlays from mandatory balances | 2,263 | 3,114 | 2,369 |
| 87.00 Total outlays (gross) | 24,705 | 27,089 | 31,615 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.00 Offsetting collections (cash) from: Federal sources | -9 | -8 | -7 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 25,549 | 26,336 | 29,289 |
| 90.00 Outlays | 24,695 | 27,081 | 31,608 |

Summary of Budget Authority and Outlays

(in millions of dollars)

| | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Enacted/requested: | | | |
| Budget Authority | 25,549 | 26,336 | 29,289 |
| Outlays | 24,696 | 27,081 | 31,608 |
| Legislative proposal, subject to PAYGO: | | | |
| Budget Authority | | | -213 |
| Outlays | | -51 | -162 |
| Total: | | | |
| Budget Authority | 25,549 | 26,336 | 29,076 |
| Outlays | 24,696 | 27,030 | 31,446 |

This appropriation provides for the payment of compensation to veterans and survivors. Compensation is paid to veterans for disabilities incurred in or aggravated during active military service. Dependency and Indemnity Compensation is paid to survivors of servicepersons or veterans whose death occurred while on active duty or as a result of service-connected disabilities. Compensation and vocational rehabilitation is provided to the children of Vietnam veterans who were born with certain birth defects. The Secretary may pay

a clothing allowance to each veteran who uses a prescribed medication for a service-connected skin condition or wears a prosthetic or orthopedic appliance (including a wheelchair) which, in the judgment of the Secretary, tends to damage or tear the clothing of such veteran.

In addition, certain disabled veterans are provided with automobile grants with the associated approved adaptive equipment. An allowance, up to a maximum of \$11,000, is provided to certain service-disabled veterans and service-persons toward the purchase price of an automobile. Adaptive equipment and the maintenance and replacement of such equipment is also provided. Miscellaneous benefits provided for are:

(a) payments for claims made pursuant to the provision of the World War Adjusted Compensation Act of 1924, as amended;

(b) a special allowance (38 U.S.C. 1312) to dependents of certain veterans who died after December 31, 1956, but who were not fully and currently insured under the Social Security Act; and

(c) payments authorized by the Equal Access to Justice Act.

The appropriation also provides for a pilot program authorizing VA to contract out medical examinations to determine service-connected disabilities of veterans who are potential applicants of compensation benefits and a program to allow VA to perform income matches for certain compensation recipients.

In accordance with Public Law 97-377, the Reinstated Entitlement Program for Survivors (REPS) program restores social security benefits to certain surviving spouses or children of veterans who died of service-connected causes. Financing is provided in the form of offsetting collections from the Department of Defense.

Legislation is proposed to provide a cost-of-living adjustment comparable to the annual social security increase to recipients of disability compensation, dependency and indemnity compensation, and clothing allowances. The increase, effective with payments made on January 1, 2005, is expected to be 1.3 percent.

AVERAGE NUMBER OF COMPENSATION CASES AND PAYMENTS

| | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Veterans: | | | |
| Cases | 2,444,807 | 2,548,204 | 2,607,295 |
| Average payment per case, per year | \$8,506 | \$9,029 | \$9,561 |
| Total obligations (in millions) | \$20,796 | \$23,008 | \$24,929 |
| Survivors: | | | |
| Total | 311,813 | 322,864 | 328,291 |
| Average payment per case, per year | \$12,474 | \$12,722 | \$13,153 |
| Total obligations (in millions) | \$3,890 | \$4,108 | \$4,318 |
| Chapter 18: | | | |
| Children | 1,044 | 1,054 | 1,062 |
| Average payment per case, per year | \$15,580 | \$16,086 | \$16,457 |
| Total obligations (in millions) | \$16 | \$17 | \$17 |
| Clothing allowance: | | | |
| Number of veterans | 80,641 | 83,406 | 84,398 |
| Average payment per case, per year | \$588 | \$600 | \$608 |
| Total obligations (in millions) | \$47 | \$50 | \$51 |
| Automobiles or other conveyances: | | | |
| Number of conveyances | 1,396 | 1,600 | 1,600 |
| Average benefit | \$8,819 | \$10,500 | \$11,000 |
| Obligations (in millions) | \$12 | \$17 | \$18 |
| Adaptive equipment (including maintenance, repair and installation for automobiles): | | | |
| Number of items | 7,968 | 7,968 | 7,968 |
| Average benefit | \$3,767 | \$3,971 | \$4,185 |

| | | | |
|--|----------|----------|----------|
| Obligations (in millions) | \$30 | \$32 | \$33 |
| Other compensation caseload: | | | |
| Special allowance dependents | 86 | 78 | 70 |
| Equal Access to Justice payments | 1,425 | 1,495 | 1,495 |
| REPS: | | | |
| Spouses | 33 | 27 | 22 |
| Average benefit | \$11,636 | \$13,385 | \$13,626 |
| Children | 435 | 390 | 350 |
| Average benefit | \$15,897 | \$18,537 | \$19,068 |
| Obligations (in millions) | \$8 | \$8 | \$7 |

Object Classification (in millions of dollars)

| Identification code 36-0102-0-1-701 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| 42.0 Direct obligations: Insurance claims and indemnities | 24,857 | 27,301 | 29,437 |
| 99.0 Reimbursable obligations: Reimbursable obligations ... | 8 | 8 | 7 |
| 99.9 Total new obligations | 24,865 | 27,309 | 29,444 |

DISABILITY COMPENSATION BENEFITS

(Legislative proposal, subject to PAYGO)

Legislation was proposed during the 1st session of the 108th Congress to restore the original interpretation of section 1110 of title 38 U.S.C. prohibiting the granting of service-connected disability arising secondarily from an alcohol or drug-abuse. In February 2001, a three-judge panel of the US Court of Appeals interpreted section 1110 as not precluding compensation for an alcohol or drug-abuse-related disability arising secondarily from a service-connected disability. Enactment of this provision is estimated to save \$158 million in 2005.

Program and Financing (in millions of dollars)

| Identification code 36-0102-4-1-701 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 01.01 Allen reversal | | -55 | -158 |
| 02.93 Total compensation | | -55 | -158 |
| 10.00 Total new obligations (object class 42.0) | | -55 | -158 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | | | 55 |
| 22.00 New budget authority (gross) | | | -213 |
| 23.90 Total budgetary resources available for obligation | | | -158 |
| 23.95 Total new obligations | | 55 | 158 |
| 24.40 Unobligated balance carried forward, end of year | | 55 | |
| New budget authority (gross), detail: | | | |
| Mandatory: | | | |
| 60.00 Appropriation | | | -213 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | | | -4 |
| 73.10 Total new obligations | | -55 | -158 |
| 73.20 Total outlays (gross) | | 51 | 162 |
| 74.40 Obligated balance, end of year | | -4 | |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new mandatory authority | | -51 | -162 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | | -213 |
| 90.00 Outlays | | -51 | -162 |

DISABILITY COMPENSATION ADMINISTRATION

For operating expenses associated with the provision of compensation benefits; reimbursement of the Department of Defense for the cost of overseas employee mail; and purchase of two passenger motor vehicles for use by the Veterans Benefits Administration in Manila, Philippines, \$657,624,000, including no more than \$11,775,000 for construction.

General and special funds—Continued

DISABILITY COMPENSATION ADMINISTRATION—Continued

Program and Financing (in millions of dollars)

| Identification code 36-0134-0-1-701 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Other direct expenses: | | | |
| 03.01 Administrative expenses | 654 | 692 | 674 |
| 03.03 Construction, minor projects | 12 | 12 | 12 |
| 03.92 Total other direct expenses | 667 | 704 | 686 |
| Reimbursable compensation program: | | | |
| 09.02 Administrative expense | 61 | 66 | 65 |
| 09.99 Total reimbursable program | 61 | 66 | 65 |
| 10.00 Total new obligations | 728 | 770 | 751 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 18 | 40 | 32 |
| 22.00 New budget authority (gross) | 752 | 698 | 723 |
| 22.22 Unobligated balance of FY2003 emergency sup transferred from Gen Ad | | 63 | |
| 23.90 Total budgetary resources available for obligation | 770 | 801 | 755 |
| 23.95 Total new obligations | -728 | -770 | -751 |
| 24.40 Unobligated balance carried forward, end of year | 40 | 32 | 4 |
| New budget authority (gross), detail: | | | |
| Discretionary: | | | |
| 40.00 Appropriation | 694 | 636 | 658 |
| 40.35 Appropriation reduced pursuant to P.L. 108-7 | -4 | | |
| 40.35 Appropriation permanently reduced pursuant to H.R. 2673 | | -4 | |
| 43.00 Appropriation (total discretionary) | 690 | 632 | 658 |
| 68.00 Spending authority from offsetting collections: Offsetting collections (cash) | 61 | 66 | 65 |
| 70.00 Total new budget authority (gross) | 751 | 698 | 723 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 120 | 125 | 114 |
| 73.10 Total new obligations | 728 | 770 | 751 |
| 73.20 Total outlays (gross) | -713 | -780 | -733 |
| 73.40 Adjustments in expired accounts (net) | -10 | | |
| 74.40 Obligated balance, end of year | 125 | 114 | 132 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new discretionary authority | 585 | 567 | 586 |
| 86.93 Outlays from discretionary balances | 128 | 213 | 147 |
| 87.00 Total outlays (gross) | 713 | 780 | 733 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.00 Offsetting collections (cash) from: Federal sources | -61 | -66 | -65 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 690 | 632 | 658 |
| 90.00 Outlays | 652 | 714 | 668 |

This appropriation provides for the corporate leadership and operational support to VA's Disability Compensation business line. Additionally, funding is provided for capital asset investments.

The Veterans Benefits Administration determines eligibility and adjudicates all claims for compensation awards. Workload data for this program are shown below. Specific performance goals relating to the processing of veterans benefits are contained in VA's congressional budget. The Disability Compensation business line provides processing of claims for veterans and dependents relating to compensation benefits under the various laws enacted by Congress.

WORKLOAD

| | 2003 actual | 2004 est. | 2005 est. |
|------------------------------|-------------|-----------|-----------|
| Compensation: | | | |
| Rating-Related Actions | 731,930 | 703,444 | 733,423 |
| Non Rating Actions | 356,357 | 349,230 | 363,199 |

Object Classification (in millions of dollars)

| Identification code 36-0134-0-1-701 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Direct obligations: | | | |
| Personnel compensation: | | | |
| 11.1 Full-time permanent | 369 | 366 | 379 |
| 11.5 Other personnel compensation | 45 | 50 | 61 |
| 11.9 Total personnel compensation | 414 | 416 | 440 |
| 12.1 Civilian personnel benefits | 101 | 101 | 112 |
| 21.0 Employee travel | 7 | 6 | 7 |
| 22.0 Transportation of things | 2 | 2 | 2 |
| 23.1 Rental payments to GSA | 49 | 50 | 43 |
| 23.2 Rental payments to others | 4 | 4 | 4 |
| 23.3 Communications, utilities, and miscellaneous charges | 19 | 19 | 20 |
| 24.0 Printing and reproduction | 1 | 2 | 1 |
| 25.2 Other services | 42 | 78 | 32 |
| 26.0 Supplies and materials | 5 | 5 | 4 |
| 31.0 Equipment | 10 | 9 | 9 |
| 32.0 Land and structures | 13 | 12 | 12 |
| 99.0 Direct obligations | 667 | 704 | 686 |
| 99.0 Reimbursable obligations | 61 | 66 | 65 |
| 99.9 Total new obligations | 728 | 770 | 751 |

Personnel Summary

| Identification code 36-0134-0-1-701 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Direct: | | | |
| 1001 Total compensable workyears: Civilian full-time equivalent employment | 7,264 | 7,021 | 6,989 |
| Reimbursable: | | | |
| 2001 Total compensable workyears: Civilian full-time equivalent employment | 82 | 71 | 68 |

EDUCATION BENEFITS

For the payment of education and training benefits to or on behalf of veterans as authorized by law, including any payment for associated activities authorized by 38 U.S.C. 3034(e), 3674, 3684(c), and 3697, \$1,909,379,000. In addition, for making payments after June 30, 2005 for the education program administered by the Department, such sums as may be necessary. (38 U.S.C. chapters 30, 34, 35, 36, 51, 53, 55, and 61).

[For the payment of readjustment and rehabilitation benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapters 21, 30, 31, 34, 35, 36, 39, 51, 53, 55, and 61), \$2,529,734,000, to remain available until expended: *Provided*, That expenses for rehabilitation program services and assistance which the Secretary is authorized to provide under section 3104(a) of title 38, United States Code, other than under subsection (a)(1), (2), (5), and (11) of that section, shall be charged to this account.] (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

| Identification code 36-0137-0-1-702 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Direct program: | | | |
| 01.01 Veterans/servicepersons | 1,466 | 1,638 | 1,726 |
| 01.03 Dependents | 278 | 320 | 390 |
| 01.04 Tuition Assistance | 13 | 14 | 14 |
| 01.05 Licensing and Certification | 2 | 4 | 5 |
| 01.06 Work study | 19 | 20 | 20 |
| 01.07 Payments to states | 14 | 18 | 18 |
| 01.08 Reporting fees | 3 | 3 | 3 |
| 01.91 Direct Program by Activities—Subtotal | 1,795 | 2,017 | 2,176 |
| 01.92 Total education program | 1,795 | 2,017 | 2,176 |
| Other Direct Expenses: | | | |
| 02.02 Administrative expenses | 1 | 4 | 2 |
| 03.93 Total Direct Program | 1,796 | 2,021 | 2,178 |
| Reimbursable education program: | | | |
| 09.01 Veterans' basic benefits | 9 | 9 | 10 |
| 09.02 Veterans' supplementary benefits | 80 | 83 | 95 |
| 09.03 Reservists benefits | 121 | 136 | 151 |
| 09.04 Reservists supplementary benefits | 46 | 52 | 58 |

| | | | | |
|--|---|--------|--------|--------|
| 09.05 | National Call to Service | | | 1 |
| 09.09 | Reimbursable program—subtotal line | 256 | 280 | 315 |
| 10.00 | Total new obligations | 2,052 | 2,301 | 2,493 |
| Budgetary resources available for obligation: | | | | |
| 21.40 | Unobligated balance carried forward, start of year | 519 | 400 | 268 |
| 22.00 | New budget authority (gross) | 1,932 | 2,170 | 2,224 |
| 23.90 | Total budgetary resources available for obligation | 2,451 | 2,570 | 2,492 |
| 23.95 | Total new obligations | -2,052 | -2,301 | -2,493 |
| 24.40 | Unobligated balance carried forward, end of year | 400 | 268 | |
| New budget authority (gross), detail: | | | | |
| Mandatory: | | | | |
| 60.00 | Appropriation | 1,676 | 1,890 | 1,909 |
| 69.00 | Offsetting collections (cash) | 256 | 280 | 315 |
| 70.00 | Total new budget authority (gross) | 1,932 | 2,170 | 2,224 |
| Change in obligated balances: | | | | |
| 72.40 | Obligated balance, start of year | 48 | 57 | 36 |
| 73.10 | Total new obligations | 2,052 | 2,301 | 2,493 |
| 73.20 | Total outlays (gross) | -2,042 | -2,322 | -2,490 |
| 74.40 | Obligated balance, end of year | 57 | 36 | 39 |
| Outlays (gross), detail: | | | | |
| 86.97 | Outlays from new mandatory authority | 1,475 | 1,865 | 2,185 |
| 86.98 | Outlays from mandatory balances | 567 | 457 | 305 |
| 87.00 | Total outlays (gross) | 2,042 | 2,322 | 2,490 |
| Offsets: | | | | |
| Against gross budget authority and outlays: | | | | |
| 88.00 | Offsetting collections (cash) from: Federal sources | -256 | -280 | -315 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 1,676 | 1,890 | 1,909 |
| 90.00 | Outlays | 1,787 | 2,042 | 2,175 |

This appropriation finances educational assistance allowances for certain service persons, veterans and for eligible dependents of those veterans: (a) who died from service-connected causes or have a total and permanent rated service-connected disability; and (b) servicepersons who were captured or missing in action. Voluntary contributions by eligible servicepersons and matching contributions provided by the Department of Defense are included in the Post-Vietnam Era Veterans Education Account.

All Volunteer Force educational assistance (Montgomery GI Bill).—Public Law 98–525, enacted October 19, 1984, established two new educational programs: an assistance program for veterans who enter active duty during the period beginning July 1, 1985; and an assistance program for certain members of the Selected Reserve. The Education appropriation pays the basic benefit allowance for veterans, except for certain Post-Vietnam Era Veterans Education participants who transferred to the Montgomery GI Bill program. Supplementary educational assistance, the basic benefit allowance for veterans, Post-Vietnam Era Veterans Education converters, reservists, and the National Call to Service Program are financed by payments from the Department of Defense and the Department of Homeland Security.

The following table shows a caseload and cost comparison for these beneficiaries under existing legislation.

CASELOAD AND AVERAGE COST DATA

| | 2003 actual | 2004 est. | 2005 est. |
|----------------------------------|-------------|-----------|-----------|
| Veterans/Service members: | | | |
| Number of trainees | 305,935 | 313,952 | 327,736 |
| Average cost per trainee | \$5,082 | \$5,489 | \$5,567 |
| Total cost (in millions) | \$1,555 | \$1,723 | \$1,825 |
| Reservists: | | | |
| Number of trainees | 89,961 | 98,900 | 107,738 |
| Average cost per trainee | \$1,825 | \$1,865 | \$1,897 |
| Total cost (in millions) | \$164 | \$184 | \$204 |

Dependents' education and training.—This program provides benefits to children and spouses of veterans who died

of a service-connected disability or whose service-connected disability is rated permanent and total. In addition, dependents of servicepersons missing in action or interned by a hostile foreign government for more than 90 days are also eligible. The following table provides a comparison of trainees and costs for the Dependents Educational Assistance program.

NUMBER OF TRAINEES AND COST

| | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Sons and daughters: | | | |
| Number of trainees | 53,477 | 58,156 | 63,249 |
| Average cost per trainee (in dollars) | \$4,624 | \$4,880 | \$5,462 |
| Total cost (in millions) | \$247 | \$284 | \$345 |
| Spouses and widow(ers): | | | |
| Number of trainees | 8,481 | 9,245 | 10,103 |
| Average cost per trainee (in dollars) | \$3,684 | \$3,890 | \$4,357 |
| Total cost (in millions) | \$31 | \$36 | \$44 |

Tuition Assistance.—Public Law 106–398, enacted October 30, 2000, allows the military services to pay up to 100 percent of tuition and expenses charged by a school for service members. If a service department pays less than 100 percent, a service member eligible for the Montgomery GI Bill—Active-duty (MGIB) can elect to receive MGIB benefits for all or a portion of the remaining expenses.

Licensing and certification test payments.—Under Public Law 106–419, veterans and other eligible persons may receive up to \$2,000 to pay fees required for civilian occupational licensing and certification examinations needed to enter, maintain, or advance in employment in a vocation or profession—effective March 1, 2001.

National Call to Service.—The 2003 National Defense Authorization Act directs the Department of Defense to offer an active duty enlistment option of 15 months plus training time to facilitate interest in National Service. Program participants will be given the opportunity to select one of the following incentives: a \$5,000 enlistment bonus, repayment of student loans up to \$18,000, or one of two education allowances.

CASELOAD AND AVERAGE COST DATA

| | 2003 actual | 2004 est. | 2005 est. |
|-------------------------------------|-------------|-----------|-----------|
| Tuition Assistance: | | | |
| Number of trainees | 24,527 | 25,000 | 25,000 |
| Average cost per trainee | \$513 | \$562 | \$571 |
| Total cost (in millions) | \$13 | \$14 | \$14 |
| Licensing and Certification: | | | |
| Number of payments | 6,574 | 15,000 | 15,000 |
| Average cost per trainee | \$265 | \$292 | \$321 |
| Total cost (in millions) | \$2 | \$4 | \$5 |
| National Call to Service: | | | |
| Number of trainees | 0 | 0 | 160 |
| Total cost (in millions) | \$0 | \$0 | \$2 |

Work-Study.—Certain veterans, reservists, and dependents pursuing a program of education or training, who are enrolled as a full-time student, can work up to 250 hours per semester, receiving the Federal (\$5.15 on September 1, 1997) or state minimum wage rate, whichever is higher.

| | 2003 actual | 2004 est. | 2005 est. |
|--------------------------------|-------------|-----------|-----------|
| Number of contracts | 18,378 | 18,400 | 18,400 |
| Total cost (in millions) | \$22 | \$23 | \$24 |

Payments to States.—State approving agencies are reimbursed for the costs of inspecting, approving, and supervising programs of education and training offered by educational

General and special funds—Continued**EDUCATION BENEFITS—Continued**

institutions and training establishments in which veterans, dependents, and reservists are enrolled or are about to enter.

Reporting fees.—Reporting fees are paid to education and training institutions to help defray the costs of certifying education enrollment for veterans enrolled in training during a calendar year.

Object Classification (in millions of dollars)

| Identification code 36-0137-0-1-702 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| 41.0 Direct obligations: Grants, subsidies, and contributions | 1,796 | 2,021 | 2,178 |
| 99.0 Reimbursable obligations: Reimbursable obligations ... | 256 | 280 | 315 |
| 99.9 Total new obligations | 2,052 | 2,301 | 2,493 |

EDUCATION ADMINISTRATION

For operating expenses of education and training benefits and reimbursement of the Department of Defense for the cost of overseas employee mail, \$91,160,000, including no more than \$768,000 for construction.

Program and Financing (in millions of dollars)

| Identification code 36-0133-0-1-702 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Other direct expenses: | | | |
| 03.01 Administrative expenses | 68 | 85 | 90 |
| 03.03 Construction, minor projects | 1 | 1 | 1 |
| 03.92 Total other direct expenses | 68 | 86 | 91 |
| Reimbursable education program: | | | |
| 09.02 Administrative expense | 1 | 4 | 2 |
| 09.99 Total reimbursable program | 1 | 4 | 2 |
| 10.00 Total new obligations | 69 | 90 | 93 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 2 | 4 | 1 |
| 22.00 New budget authority (gross) | 71 | 87 | 93 |
| 23.90 Total budgetary resources available for obligation | 73 | 91 | 94 |
| 23.95 Total new obligations | -69 | -90 | -93 |
| 24.40 Unobligated balance carried forward, end of year | 4 | 1 | 1 |
| New budget authority (gross), detail: | | | |
| Discretionary: | | | |
| 40.00 Appropriation | 71 | 84 | 91 |
| 40.35 Appropriation reduced pursuant to P.L. 108-7 | -1 | | |
| 40.35 Appropriation permanently reduced pursuant to H.R. 2673 | | -1 | |
| 43.00 Appropriation (total discretionary) | 70 | 83 | 91 |
| 68.00 Spending authority from offsetting collections: Offsetting collections (cash) | 1 | 4 | 2 |
| 70.00 Total new budget authority (gross) | 71 | 87 | 93 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 14 | 15 | 19 |
| 73.10 Total new obligations | 69 | 90 | 93 |
| 73.20 Total outlays (gross) | -67 | -87 | -90 |
| 74.40 Obligated balance, end of year | 15 | 19 | 22 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new discretionary authority | 53 | 70 | 75 |
| 86.93 Outlays from discretionary balances | 14 | 17 | 15 |
| 87.00 Total outlays (gross) | 67 | 87 | 90 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.00 Offsetting collections (cash) from: Federal sources | -1 | -4 | -2 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 70 | 83 | 91 |
| 90.00 Outlays | 67 | 83 | 88 |

This appropriation provides for the corporate leadership and operational support to VA's Education business line. Additionally, funding is provided for capital asset investments.

WORKLOAD

| | 2003 actual | 2004 est. | 2005 est. |
|---------------------------------------|-------------|-----------|-----------|
| Original claims | 181,844 | 189,401 | 196,924 |
| Adjustments/supplemental claims | 1,049,279 | 1,181,903 | 1,231,879 |

Object Classification (in millions of dollars)

| Identification code 36-0133-0-1-702 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Direct obligations: | | | |
| Personnel compensation: | | | |
| 11.1 Full-time permanent | 37 | 42 | 42 |
| 11.5 Other personnel compensation | 5 | 6 | 7 |
| 11.9 Total personnel compensation | 42 | 48 | 49 |
| 12.1 Civilian personnel benefits | 11 | 13 | 15 |
| 21.0 Employee travel | 1 | 2 | 3 |
| 23.1 Rental payments to GSA | 5 | 8 | 8 |
| 23.2 Rental payments to others | | | 1 |
| 23.3 Communications, utilities, and miscellaneous charges | 2 | 3 | 2 |
| 25.2 Other services | 5 | 8 | 8 |
| 26.0 Supplies and materials | 1 | 1 | 1 |
| 31.0 Equipment | 1 | 2 | 3 |
| 32.0 Land and structures | | 1 | 1 |
| 99.0 Direct obligations | 68 | 86 | 91 |
| 99.0 Reimbursable obligations | 1 | 4 | 2 |
| 99.9 Total new obligations | 69 | 90 | 93 |

Personnel Summary

| Identification code 36-0133-0-1-702 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Direct: | | | |
| 1001 Total compensable workyears: Civilian full-time equivalent employment | 866 | 926 | 888 |

VOCATIONAL REHABILITATION AND EMPLOYMENT BENEFITS

For the provision of vocational rehabilitation and employment benefits (including independent living services and assistance) to or on behalf of veterans, as authorized by law, \$565,204,000. In addition, for making payments after June 30, 2005 for the vocational rehabilitation and employment program administered by the Department, such sums as may be necessary. (38 U.S.C. chapters 31, 36, 51, 53, 55, and 61).

Program and Financing (in millions of dollars)

| Identification code 36-0135-0-1-702 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 01.01 Vocational rehabilitation training | 280 | 305 | 332 |
| 01.02 Subsistence allowance | 224 | 234 | 244 |
| 01.04 Work study | 11 | 11 | 11 |
| 10.00 Total new obligations (object class 41.0) | 515 | 550 | 587 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | | 11 | 22 |
| 22.00 New budget authority (gross) | 525 | 561 | 565 |
| 23.90 Total budgetary resources available for obligation | 525 | 572 | 587 |
| 23.95 Total new obligations | -515 | -550 | -587 |
| 24.40 Unobligated balance carried forward, end of year | 11 | 22 | |
| New budget authority (gross), detail: | | | |
| Mandatory: | | | |
| 60.00 Appropriation | 525 | 561 | 565 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 15 | 16 | 10 |
| 73.10 Total new obligations | 515 | 550 | 587 |
| 73.20 Total outlays (gross) | -514 | -556 | -587 |
| 74.40 Obligated balance, end of year | 16 | 10 | 10 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new mandatory authority | 499 | 530 | 555 |

| | | | | |
|--|---------------------------------------|-----|-----|-----|
| 86.98 | Outlays from mandatory balances | 15 | 26 | 32 |
| 87.00 | Total outlays (gross) | 514 | 556 | 587 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 525 | 561 | 565 |
| 90.00 | Outlays | 514 | 556 | 587 |

This appropriation finances assistance allowances for certain disabled veterans who are provided with vocational rehabilitation and employment services.

In compliance with the Federal Credit Reform Act of 1990, the Vocational Rehabilitation Loan Fund Program account is reported separately under the Vocational Rehabilitation Loans Program Account. The Vocational Rehabilitation Loans program provides loans (based on indexed Chapter 31 Subsistence allowance rate) to veterans enrolled in a program of vocational rehabilitation who are temporarily in need of additional funds to meet their expenses.

Special assistance to disabled veterans.—Service-disabled veterans requiring vocational rehabilitation receive assistance to cover the costs of subsistence, tuition, books, supplies, and equipment.

Work-Study.—Certain veterans pursuing a program of rehabilitation, who are enrolled as a full-time student, can work up to 250 hours per semester, receiving the Federal (\$5.15 on September 1, 1997) or state minimum wage rate, whichever is higher.

The following table shows caseload for this program. We are now including individuals in the category of Rehabilitation Evaluation Planning and Service Delivery. Although these cases are receiving VR&E services, they are not receiving monetary benefits. Specific performance goals are contained in VA's congressional budget.

CASELOAD AND AVERAGE COST DATA

| | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Special assistance to disabled veterans: | | | |
| Rehabilitation Evaluation Planning and Service cases | 22,395 | 22,999 | 23,631 |
| Number of participants | 71,587 | 73,517 | 75,538 |
| Average cost | \$7,033 | \$7,328 | \$7,622 |
| Total cost (in millions) | \$503 | \$539 | \$5576 |
| Work-study: | | | |
| Number of contracts | 8,908 | 8,900 | 8,900 |
| Total cost (in millions) | \$11 | \$11 | \$11 |

VOCATIONAL REHABILITATION AND EMPLOYMENT ADMINISTRATION

For operating expenses of vocational rehabilitation and employment benefits (including administrative expenses incurred under section 3104(a) (1), (2), (5), and (11) of title 38, United States Code); and reimbursement of the Department of Defense for the cost of overseas employee mail, \$140,344,000, including no more than \$1,867,000 for construction, and including no more than \$311,000 for administering the direct loan program; for the cost of direct loans, \$47,000, as authorized by 38 U.S.C. chapter 31, as amended: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$4,108,000.

Program and Financing (in millions of dollars)

| Identification code 36-0132-0-1-702 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Other direct expenses: | | | |
| 03.01 Administrative expenses | 115 | 135 | 138 |
| 03.03 Construction, minor projects | 2 | 2 | 2 |
| 03.92 Total other direct expenses | 116 | 137 | 140 |
| 10.00 Total new obligations | 116 | 137 | 140 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 2 | 3 | 1 |

| | | | | |
|--|---|------|------|------|
| 22.00 | New budget authority (gross) | 118 | 134 | 140 |
| 23.90 | Total budgetary resources available for obligation | 120 | 137 | 141 |
| 23.95 | Total new obligations | -116 | -137 | -140 |
| 24.40 | Unobligated balance carried forward, end of year | 3 | 1 | 1 |
| New budget authority (gross), detail: | | | | |
| Discretionary: | | | | |
| 40.00 | Appropriation | 118 | 135 | 140 |
| 40.35 | Appropriation reduced pursuant to P.L. 108-7 | -1 | | |
| 40.35 | Appropriation permanently reduced pursuant to H.R. 2673 | | -1 | |
| 43.00 | Appropriation (total discretionary) | 117 | 134 | 140 |
| Change in obligated balances: | | | | |
| 72.40 | Obligated balance, start of year | 22 | 24 | 27 |
| 73.10 | Total new obligations | 116 | 137 | 140 |
| 73.20 | Total outlays (gross) | -114 | -134 | -135 |
| 74.40 | Obligated balance, end of year | 24 | 27 | 33 |
| Outlays (gross), detail: | | | | |
| 86.90 | Outlays from new discretionary authority | 91 | 107 | 112 |
| 86.93 | Outlays from discretionary balances | 23 | 27 | 23 |
| 87.00 | Total outlays (gross) | 114 | 134 | 135 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 118 | 134 | 140 |
| 90.00 | Outlays | 114 | 134 | 135 |

This appropriation provides for the corporate leadership and operational support to VA's VR&E business line. Additionally, funding is provided for capital asset investments.

The VBA VR&E service provides counseling and assistance to enable veterans with service-connected disabilities to achieve maximum independence in daily living and, to the maximum extent feasible, obtain and maintain suitable employment.

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the direct loans obligated in 1992 and beyond, as well as the administrative expenses of this program. The subsidy amounts are estimated on a net present value basis.

WORKLOAD¹

| | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Evaluation and planning | 62,195 | 63,749 | 65,342 |
| Rehabilitation services | 65,513 | 67,150 | 68,828 |
| Employment services status | 14,368 | 14,727 | 15,095 |
| Vocational/educational counseling | 19,054 | 19,550 | 20,018 |

¹ Veterans may be in more than one category.

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

| Identification code 36-0132-0-1-702 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Direct loan levels supportable by subsidy budget authority: | | | |
| 115001 Vocational Rehabilitation | 3 | 4 | 4 |
| 115901 Total direct loan levels | 3 | 4 | 4 |
| Direct loan subsidy (in percent): | | | |
| 132001 Vocational Rehabilitation | 1.50 | 1.33 | 1.14 |
| 132901 Weighted average subsidy rate | 1.50 | 1.33 | 1.14 |
| Direct loan subsidy budget authority: | | | |
| 133001 Vocational Rehabilitation | | | |
| 133901 Total subsidy budget authority | | | |
| Direct loan subsidy outlays: | | | |
| 134001 Vocational Rehabilitation | | | |
| 134901 Total subsidy outlays | | | |

Object Classification (in millions of dollars)

| Identification code 36-0132-0-1-702 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Personnel compensation: | | | |
| 11.1 Full-time permanent | 57 | 62 | 59 |
| 11.5 Other personnel compensation | 8 | 9 | 10 |
| 11.9 Total personnel compensation | 65 | 71 | 69 |

General and special funds—Continued

VOCATIONAL REHABILITATION AND EMPLOYMENT ADMINISTRATION—Continued

Object Classification (in millions of dollars)—Continued

| Identification code 36-0132-0-1-702 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| 12.1 Civilian personnel benefits | 17 | 19 | 20 |
| 21.0 Employee travel | 2 | 2 | 2 |
| 23.1 Rental payments to GSA | 7 | 8 | 8 |
| 23.2 Rental payments to others | 1 | 1 | 1 |
| 23.3 Communications, utilities, and miscellaneous charges | 3 | 3 | 3 |
| 25.2 Other services | 17 | 27 | 30 |
| 26.0 Supplies and materials | 1 | 1 | 1 |
| 31.0 Equipment | 1 | 3 | 4 |
| 32.0 Land and structures | 2 | 2 | 2 |
| 99.9 Total new obligations | 116 | 137 | 140 |

Personnel Summary

| Identification code 36-0132-0-1-702 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Direct: | | | |
| 1001 Total compensable workyears: Civilian full-time equivalent employment | 1,091 | 1,118 | 1,015 |

INSURANCE BENEFITS

For the payment of military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled veterans insurance, and veterans mortgage life insurance as authorized by law, \$39,380,000, to remain available until expended. In addition, for making payments after June 30, 2005 for the insurance programs administered by the Department, such sums as may be necessary. (38 U.S.C. chapter 19; 70 Stat. 887; 72 Stat. 487).

[For military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled veterans insurance, and veterans mortgage life insurance as authorized by 38 U.S.C. chapter 19; 70 Stat. 887; 72 Stat. 487, \$29,017,000, to remain available until expended.] (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

| Identification code 36-0120-0-1-701 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 00.01 Payment to NSLI | 1 | 1 | 1 |
| 00.10 VMLI death claims | 9 | 9 | 9 |
| 00.12 Payment to service-disabled veterans insurance | 20 | 22 | 31 |
| 01.00 Total direct expenses | 30 | 32 | 41 |
| 10.00 Total new obligations | 30 | 32 | 41 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 1 | 1 | |
| 22.00 New budget authority (gross) | 30 | 31 | 41 |
| 23.90 Total budgetary resources available for obligation | 31 | 32 | 41 |
| 23.95 Total new obligations | -30 | -32 | -41 |
| 24.40 Unobligated balance carried forward, end of year | 1 | | |
| New budget authority (gross), detail: | | | |
| Mandatory: | | | |
| 60.00 Appropriation | 28 | 29 | 39 |
| 69.00 Offsetting collections (cash) | 2 | 2 | 2 |
| 70.00 Total new budget authority (gross) | 30 | 31 | 41 |
| Change in obligated balances: | | | |
| 73.10 Total new obligations | 30 | 32 | 41 |
| 73.20 Total outlays (gross) | -30 | -31 | -41 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new mandatory authority | 30 | 31 | 41 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.40 Offsetting collections (cash) from: VMLI premiums | -2 | -2 | -2 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 28 | 29 | 39 |
| 90.00 Outlays | 28 | 29 | 39 |

Note.—The Department of Veterans Affairs insurance policy loans are not an extension of Federal credit. Credit schedules previously shown for this account have been discontinued.

The Insurance business line administers six life insurance programs, including two trust funds, two public enterprise funds, a trust revolving fund, and Veteran's Mortgage Life Insurance (VMLI), and supervises two additional programs for the benefit of servicepersons, veterans, and their beneficiaries through contracts with a commercial company. All programs are operated on a commercial basis, to the extent possible, consistent with all applicable statutes. The Insurance appropriation is the funding mechanism for the following administration of the Government life insurance activities: U.S. Government Life Insurance Fund (USGLI); National Service Life Insurance (NSLI); Service-Disabled Veterans Insurance Fund (S-DVI); and Veterans Mortgage Life Insurance (VMLI).

Military and naval insurance.—Payments are made to the USGLI fund for certain World War I veterans for extra hazards of military service and for claims on war risk insurance issued to servicemen and veterans of World War I.

National service life insurance (NSLI).—Payments are made to the NSLI fund for certain World War II veterans for: (a) the extra hazards of service; (b) gratuitous insurance granted to certain persons unable to apply for national service life insurance; and (c) death claims on policies under the waiver of a premium while the insured was on active duty.

Payment to service-disabled veterans insurance fund (S-DVI).—Payments are made to the S-DVI fund to supplement the premiums and other receipts of the fund in amounts necessary to pay claims on insurance policies issued to veterans with service-connected disabilities.

Veterans mortgage life insurance (VMLI).—Payments are made to mortgage holders under this program, which provides mortgage protection life insurance to veterans who have received a grant for specially adapted housing due to severe disabilities. The general decline in the number of policies and the amount of insurance in force is expected to continue in 2005 as indicated in the following table.

POLICIES AND INSURANCE IN FORCE

| | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| VMLI policies: | | | |
| Number of policies | 2,793 | 2,710 | 2,620 |
| Amount of insurance (dollars in millions) | \$175 | \$174 | \$173 |

Object Classification (in millions of dollars)

| Identification code 36-0120-0-1-701 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| 42.0 Direct obligations: Insurance claims and indemnities | 28 | 30 | 39 |
| 99.0 Reimbursable obligations: Reimbursable obligations | 2 | 2 | 2 |
| 99.9 Total new obligations | 30 | 32 | 41 |

INSURANCE ADMINISTRATION

For operating expenses associated with the provision of insurance programs; and reimbursement of the Department of Defense for the cost of overseas employee mail, \$4,190,000, including no more than \$209,000 for construction.

Program and Financing (in millions of dollars)

| Identification code 36-0141-0-1-701 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Other direct expenses: | | | |
| 03.01 Administrative expenses | 4 | 4 | 4 |
| 03.92 Total other direct expenses | 4 | 4 | 4 |
| Reimbursable insurance program: | | | |
| 09.02 Administrative expense | 36 | 39 | 40 |
| 09.99 Total reimbursable program | 36 | 39 | 40 |

| | | | | |
|--|---|-----|-----|-----|
| 10.00 | Total new obligations | 40 | 43 | 44 |
| Budgetary resources available for obligation: | | | | |
| 21.40 | Unobligated balance carried forward, start of year | | 1 | |
| 22.00 | New budget authority (gross) | 41 | 43 | 44 |
| 23.90 | Total budgetary resources available for obligation | 41 | 44 | 44 |
| 23.95 | Total new obligations | -40 | -44 | -44 |
| 24.40 | Unobligated balance carried forward, end of year | 1 | | |
| New budget authority (gross), detail: | | | | |
| Discretionary: | | | | |
| 40.00 | Appropriation | 4 | 4 | 4 |
| 40.35 | Appropriation permanently reduced by PL 108-7 | | | |
| 40.35 | Appropriation permanently reduced by HR 2673 | | | |
| 43.00 | Appropriation (total discretionary) | 4 | 4 | 4 |
| 68.00 | Spending authority from offsetting collections: Offsetting collections (cash) | 36 | 39 | 40 |
| 70.00 | Total new budget authority (gross) | 40 | 43 | 44 |
| Change in obligated balances: | | | | |
| 72.40 | Obligated balance, start of year | 6 | 6 | 7 |
| 73.10 | Total new obligations | 40 | 43 | 44 |
| 73.20 | Total outlays (gross) | -40 | -42 | -43 |
| 74.40 | Obligated balance, end of year | 6 | 7 | 8 |
| Outlays (gross), detail: | | | | |
| 86.90 | Outlays from new discretionary authority | 35 | 36 | 37 |
| 86.93 | Outlays from discretionary balances | 5 | 6 | 6 |
| 87.00 | Total outlays (gross) | 40 | 42 | 43 |
| Offsets: | | | | |
| Against gross budget authority and outlays: | | | | |
| 88.00 | Offsetting collections (cash) from: Federal sources | -36 | -39 | -40 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 5 | 4 | 4 |
| 90.00 | Outlays | 3 | 4 | 4 |

This appropriation provides for the corporate leadership and operational support to VA's Insurance business line. Additionally, funding is provided for capital asset investments.

WORKLOAD

| | 2003 actual | 2004 est. | 2005 est. |
|------------------------------|-------------|-----------|-----------|
| Policy service actions | 783,874 | 767,000 | 719,000 |
| Collections | 2,160,280 | 2,035,000 | 1,908,000 |
| Disability claims | 25,180 | 35,000 | 32,000 |
| Insurance awards | 489,070 | 486,000 | 482,000 |

Note.—The Department of Veterans Affairs insurance policy loans are not an extension of Federal credit. Credit schedules previously shown for this account have been discontinued.

Object Classification (in millions of dollars)

| Identification code 36-0141-0-1-701 | 2003 actual | 2004 est. | 2005 est. | |
|-------------------------------------|------------------------------------|-----------|-----------|----|
| Direct obligations: | | | | |
| Personnel compensation: | | | | |
| 11.1 | Full-time permanent | 2 | 2 | 2 |
| 11.5 | Other personnel compensation | 1 | 1 | 1 |
| 11.9 | Total personnel compensation | 3 | 3 | 3 |
| 12.1 | Civilian personnel benefits | 1 | 1 | 1 |
| 99.0 | Direct obligations | 4 | 4 | 4 |
| 99.0 | Reimbursable obligations | 36 | 39 | 40 |
| 99.9 | Total new obligations | 40 | 43 | 44 |

Personnel Summary

| Identification code 36-0141-0-1-701 | 2003 actual | 2004 est. | 2005 est. | |
|-------------------------------------|---|-----------|-----------|-----|
| Direct: | | | | |
| 1001 | Total compensable workyears: Civilian full-time equivalent employment | 49 | 45 | 45 |
| Reimbursable: | | | | |
| 2001 | Total compensable workyears: Civilian full-time equivalent employment | 444 | 468 | 468 |

PENSIONS BENEFITS

(INCLUDING TRANSFER OF FUNDS)

For the payment of pension benefits to or on behalf of veterans, a pilot program for disability examinations, payment of premiums due on commercial life insurance policies, and for other benefits as authorized by law, \$3,193,604,000; of which not to exceed \$19,088,000 may be transferred to "Pension Administration" and "Medical Care" for the administrative expenses authorized by the Omnibus Budget Reconciliation Act of 1990 and the Veterans' Benefits Act of 1992: Provided, That such sums as may be earned on an actual qualifying patient basis, shall be reimbursed to "Medical Care" to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized. In addition, for making payments after June 30, 2005 for the pension programs administered by the Department, such sums as may be necessary. (38 U.S.C. chapters 15, 23, 51, 53, 55, 61, 107, 1312, 1977, and 2106, 50 U.S.C. App. 540-548; 43 Stat. 122, 123; 45 Stat. 735; 76 Stat. 1198; 92 Stat. 2508).

Program and Financing (in millions of dollars)

| Identification code 36-0154-0-1-701 | 2003 actual | 2004 est. | 2005 est. | |
|--|--|-----------|-----------|--------|
| Obligations by program activity: | | | | |
| 01.03 | Improved law | 2,486 | 2,543 | 2,603 |
| 01.04 | Prior law | 27 | 23 | 20 |
| 01.91 | Total veterans | 2,513 | 2,566 | 2,624 |
| 02.01 | Improved law | 644 | 655 | 663 |
| 02.02 | Prior law | 60 | 54 | 49 |
| 02.03 | Old law | 1 | 1 | 1 |
| 02.91 | Total survivors | 705 | 710 | 713 |
| 02.92 | Total pensions | 3,218 | 3,276 | 3,337 |
| 03.01 | OBRA payment to VBA | 7 | 7 | 8 |
| 03.02 | OBRA payment to VHA | 9 | 9 | 11 |
| 03.03 | Contract Medical exams | 1 | 1 | 1 |
| 03.91 | Direct Program by Activities | 17 | 17 | 20 |
| 10.00 | Total new obligations (object class 42.0) | 3,235 | 3,293 | 3,356 |
| Budgetary resources available for obligation: | | | | |
| 21.40 | Unobligated balance carried forward, start of year | | 65 | 163 |
| 22.00 | New budget authority (gross) | 3,300 | 3,391 | 3,194 |
| 23.90 | Total budgetary resources available for obligation | 3,300 | 3,456 | 3,357 |
| 23.95 | Total new obligations | -3,235 | -3,293 | -3,356 |
| 24.40 | Unobligated balance carried forward, end of year | 65 | 163 | |
| New budget authority (gross), detail: | | | | |
| Mandatory: | | | | |
| 60.00 | Appropriation | 3,300 | 3,391 | 3,194 |
| Change in obligated balances: | | | | |
| 72.40 | Obligated balance, start of year | 258 | 264 | 268 |
| 73.10 | Total new obligations | 3,235 | 3,293 | 3,356 |
| 73.20 | Total outlays (gross) | -3,229 | -3,289 | -3,619 |
| 74.40 | Obligated balance, end of year | 264 | 268 | 6 |
| Outlays (gross), detail: | | | | |
| 86.97 | Outlays from new mandatory authority | 2,971 | 2,960 | 3,188 |
| 86.98 | Outlays from mandatory balances | 258 | 329 | 431 |
| 87.00 | Total outlays (gross) | 3,229 | 3,289 | 3,619 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 3,300 | 3,391 | 3,194 |
| 90.00 | Outlays | 3,229 | 3,289 | 3,619 |

This appropriation provides for the payment of pensions to veterans or their survivors. A veteran's entitlement is based on active duty service of a specific length (normally 90 days or more) during a designated war period, disabilities considered permanent and total, and countable income below established levels. There is no disability requirement for survivor cases or veterans age 65 or older. Income support is provided at established benefit levels. An automatic annual cost-of-living increase comparable to the annual social security increase is provided for those pensioners in the improved program and to parents receiving dependency and indemnity compensation. The increase, effective with payments made on January 1, 2005, is expected to be 1.3 percent.

General and special funds—Continued

PENSIONS BENEFITS—Continued
(INCLUDING TRANSFER OF FUNDS)—Continued

AVERAGE NUMBER OF PENSION CASES AND PAYMENTS

| | 2003 actual | 2004 est. | 2005 est. |
|---|----------------|----------------|----------------|
| Veterans: | | | |
| Improved law | 329,660 | 330,851 | 332,008 |
| Prior law | 15,432 | 13,033 | 11,017 |
| Old law and service | 205 | 171 | 143 |
| Total | 345,297 | 344,055 | 343,168 |
| Average payment per case, per year (in dollars) | \$7,278 | \$7,460 | \$7,647 |
| Total obligations (in millions) | \$2,513 | \$2,567 | \$2,624 |
| Survivors: | | | |
| Improved law | 167,865 | 165,508 | 161,576 |
| Prior law | 57,400 | 51,439 | 45,667 |
| Old law and service | 736 | 575 | 445 |
| Total | 226,001 | 217,522 | 207,688 |
| Average payment per case, per year (in dollars) | \$3,121 | \$3,264 | \$3,433 |
| Total obligations (in millions) | \$705 | \$710 | \$713 |

Legislation was proposed during the 1st session of the 108th Congress to make death pension effective the first day of the month in which the death occurred if the claim is received within one year, eliminating the current 45-day rule for death pension. This proposal is anticipated to increase pension costs \$667 thousand in 2005.

Summary of Budget Authority and Outlays

(in millions of dollars)

| | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Enacted/requested: | | | |
| Budget Authority | 3,300 | 3,391 | 3,194 |
| Outlays | 3,229 | 3,289 | 3,619 |
| Legislative proposal, subject to PAYGO: | | | |
| Budget Authority | | | 1 |
| Outlays | | | 1 |
| Total: | | | |
| Budget Authority | 3,300 | 3,391 | 3,195 |
| Outlays | 3,229 | 3,289 | 3,620 |

PENSION BENEFITS

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

| Identification code 36-0154-4-1-701 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 01.01 Eliminate 45 day rule | | | 1 |
| 02.92 Total pensions | | | 1 |
| 10.00 Total new obligations (object class 42.0) | | | 1 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | | | 1 |
| 23.95 Total new obligations | | | -1 |
| New budget authority (gross), detail: | | | |
| Mandatory: | | | |
| 60.00 Appropriation | | | 1 |
| Change in obligated balances: | | | |
| 73.10 Total new obligations | | | 1 |
| 73.20 Total outlays (gross) | | | -1 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new mandatory authority | | | 1 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | | 1 |
| 90.00 Outlays | | | 1 |

PENSIONS ADMINISTRATION

For operating expenses associated with the provision of pension benefits and reimbursement of the Department of Defense for the cost of overseas employee mail, \$139,415,000, including no more than \$3,062,000 for construction.

Program and Financing (in millions of dollars)

| Identification code 36-0143-0-1-701 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Other direct expenses: | | | |
| 03.01 Administrative expenses | 142 | 152 | 136 |
| 03.03 Construction, minor projects | 3 | 3 | 3 |
| 03.92 Total other direct expenses | 145 | 155 | 139 |
| Reimbursable pensions program: | | | |
| 09.02 Administrative expense | 7 | 8 | 9 |
| 09.99 Total reimbursable program | 7 | 8 | 9 |
| 10.00 Total new obligations | 152 | 163 | 148 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 3 | 4 | 1 |
| 22.00 New budget authority (gross) | 153 | 160 | 148 |
| 23.90 Total budgetary resources available for obligation | 156 | 164 | 149 |
| 23.95 Total new obligations | -152 | -163 | -148 |
| 24.40 Unobligated balance carried forward, end of year | 4 | 1 | 1 |
| New budget authority (gross), detail: | | | |
| Discretionary: | | | |
| 40.00 Appropriation | 147 | 154 | 139 |
| 40.35 Appropriation reduced pursuant to P.L. 108-7 | -1 | | |
| 40.35 Appropriation permanently reduced pursuant to HR 2673. | | -1 | |
| 43.00 Appropriation (total discretionary) | 146 | 153 | 139 |
| 68.00 Spending authority from offsetting collections: Offsetting collections (cash) | 7 | 7 | 9 |
| 70.00 Total new budget authority (gross) | 153 | 160 | 148 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 31 | 34 | 36 |
| 73.10 Total new obligations | 152 | 163 | 148 |
| 73.20 Total outlays (gross) | -149 | -161 | -147 |
| 74.40 Obligated balance, end of year | 34 | 36 | 37 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new discretionary authority | 117 | 128 | 119 |
| 86.93 Outlays from discretionary balances | 32 | 33 | 28 |
| 87.00 Total outlays (gross) | 149 | 161 | 147 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.00 Offsetting collections (cash) from: Federal sources | -7 | -7 | -9 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 146 | 153 | 139 |
| 90.00 Outlays | 142 | 154 | 138 |

This appropriation provides for the corporate leadership and operational support to VA's Pension business line. Additionally, funding is provided for capital asset investments.

The Veterans Benefits Administration determines eligibility and adjudicates all claims for pensions awards. Workload data for this program are shown below. Specific performance goals relating to the processing of veterans benefits are contained in VA's congressional budget. The Pension business line provides processing of claims for veterans and dependents relating to pension benefits under the various laws enacted by Congress.

WORKLOAD

| | 2003 actual | 2004 est. | 2005 est. |
|------------------------------|-------------|-----------|-----------|
| Pension: | | | |
| Rating-Related Actions | 95,264 | 91,556 | 95,458 |
| Non Rating Actions | 430,812 | 423,006 | 439,084 |

| Object Classification (in millions of dollars) | | | | |
|--|-------------|-----------|-----------|--|
| Identification code 36-0143-0-1-701 | 2003 actual | 2004 est. | 2005 est. | |
| Direct obligations: | | | | |
| Personnel compensation: | | | | |
| 11.1 | | | | |
| | 73 | 84 | 73 | |
| 11.5 | | | | |
| | 10 | 11 | 11 | |
| 11.9 | | | | |
| | 83 | 95 | 84 | |
| 12.1 | | | | |
| | 20 | 23 | 21 | |
| 21.0 | | | | |
| | 1 | 1 | 2 | |
| 23.1 | | | | |
| | 10 | 11 | 11 | |
| 23.2 | | | | |
| | 1 | 1 | 1 | |
| 23.3 | | | | |
| | 4 | 4 | 5 | |
| 25.2 | | | | |
| | 20 | 13 | 9 | |
| 26.0 | | | | |
| | 1 | 1 | 1 | |
| 31.0 | | | | |
| | 2 | 3 | 2 | |
| 32.0 | | | | |
| | 3 | 3 | 3 | |
| 99.0 | | | | |
| | 145 | 155 | 139 | |
| 99.0 | | | | |
| | 7 | 8 | 9 | |
| 99.9 | | | | |
| | 152 | 163 | 148 | |

Personnel Summary

| Identification code 36-0143-0-1-701 | 2003 actual | 2004 est. | 2005 est. |
|-------------------------------------|-------------|-----------|-----------|
| Direct: | | | |
| 1001 | | | |
| | 1,729 | 1,602 | 1,344 |
| Reimbursable: | | | |
| 2001 | | | |
| | 98 | 97 | 100 |

BURIAL BENEFITS

[NATIONAL CEMETERY ADMINISTRATION]

For the provision of burial benefits and payments as authorized by law, \$180,956,000. In addition, for making payments after June 30, 2005 for the burial benefits program administered by the Department, such sums as may be necessary. (38 U.S.C. 107, chapters 23, 51, 53, 55, and 61).

[For necessary expenses of the National Cemetery Administration for operations and maintenance, not otherwise provided for, including uniforms or allowances therefor; cemeterial expenses as authorized by law; purchase of one passenger motor vehicle for use in cemeterial operations; and hire of passenger motor vehicles, \$144,203,000: Provided, That of the funds made available under this heading, not to exceed \$7,200,000 shall be available until September 30, 2005.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS CEMETERIES

For grants to aid States in establishing, expanding, or improving State veterans cemeteries as authorized by 38 U.S.C. 2408, \$32,000,000, to remain available until expended.] (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

| Identification code 36-0139-0-1-701 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 01.01 | | | |
| | 33 | 35 | 36 |
| 01.02 | | | |
| | 19 | 21 | 21 |
| 01.03 | | | |
| | 21 | 28 | 29 |
| 01.04 | | | |
| | 21 | 22 | 23 |
| 01.05 | | | |
| | 33 | 35 | 36 |
| 01.06 | | | |
| | 11 | 9 | 9 |
| 01.07 | | | |
| | 5 | 16 | 27 |
| 01.08 | | | |
| | | | |
| 10.00 | | | |
| | 143 | 166 | 181 |
| Budgetary resources available for obligation: | | | |
| 22.00 | | | |
| | 143 | 166 | 181 |
| 23.95 | | | |
| | -143 | -166 | -181 |
| New budget authority (gross), detail: | | | |
| Mandatory: | | | |
| 60.00 | | | |
| | 143 | 166 | 181 |
| Change in obligated balances: | | | |
| 73.10 | | | |
| | 143 | 166 | 181 |

| | | | | |
|--|--------------------------------------|------|------|------|
| 73.20 | Total outlays (gross) | -143 | -166 | -181 |
| Outlays (gross), detail: | | | | |
| 86.97 | Outlays from new mandatory authority | 143 | 166 | 181 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 143 | 166 | 181 |
| 90.00 | Outlays | 143 | 166 | 181 |

The Department of Veterans Affairs administers a range of burial programs to benefit eligible veterans and family members. The responsibility for these programs is divided between two VA organizations. Most monetary benefits and the burial flags program are administered by the Veterans Benefits Administration (VBA). Cemetery programs and other in-kind benefits are administered by the National Cemetery Administration (NCA). Funding for the provision of burial benefits and services in VA is provided from the Burial Benefits Appropriation and the National Cemetery Gift Fund.

This appropriation provides burial benefits for: (a) the payment of an allowance of \$300 (plus transportation charges where death occurs under VA care) to reimburse, in part, the burial and funeral expense of an eligible deceased veteran; (b) the payment of \$300 for a plot allowance where an eligible veteran is not buried in a national cemetery or other cemetery under the jurisdiction of the United States; (c) the payment of a burial allowance up to \$2,000 when a veteran dies as the result of service-connected disability; (d) furnishing a flag to drape the casket of each deceased veteran entitled thereto; (e) furnishing a headstone or marker for the grave of a veteran and, in certain cases, eligible dependents; and (f) authority to provide outer burial receptacles in the National Cemetery Administration.

NUMBER OF BURIAL BENEFITS

| | 2003 actual | 2004 est. | 2005 est. |
|-------------------------|-------------|-----------|-----------|
| Burial allowance | 77,608 | 78,384 | 78,961 |
| Burial plot | 63,522 | 65,355 | 67,034 |
| Service-connected death | 13,019 | 13,355 | 13,811 |
| Burial flags | 483,564 | 493,854 | 498,296 |
| Headstone markers | 341,033 | 338,000 | 341,000 |
| Graveliners | 55,742 | 47,803 | 47,564 |
| Preplaced crypts | 15,618 | 48,532 | 81,000 |

BURIAL ADMINISTRATION

For operating expenses for burial benefits, for administrative expenses of the National Cemetery Administration, and for cemeterial expenses, including purchase of three passenger motor vehicles, \$274,377,000; of which no more than \$32,000,000, to remain available until expended, is for grants to aid States in establishing, expanding, or improving State veterans cemeteries, as authorized by 38 U.S.C. 2408; and of which no more than \$81,000,000 for construction.

Program and Financing (in millions of dollars)

| Identification code 36-0129-0-1-700 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 02.01 | | | |
| | 143 | 157 | 161 |
| 02.02 | | | |
| | 17 | 86 | 56 |
| 02.03 | | | |
| | 19 | 31 | 25 |
| 02.04 | | | |
| | 27 | 32 | 20 |
| 10.00 | | | |
| | 206 | 306 | 262 |
| Budgetary resources available for obligation: | | | |
| 21.40 | | | |
| | 127 | 175 | 134 |
| 22.00 | | | |
| | 254 | 265 | 274 |
| 23.90 | | | |
| | 381 | 440 | 408 |
| 23.95 | | | |
| | -206 | -306 | -262 |
| 24.40 | | | |
| | 175 | 134 | 146 |
| New budget authority (gross), detail: | | | |
| Discretionary: | | | |
| 40.00 | | | |
| | 256 | 267 | 274 |
| 40.35 | | | |
| | -2 | | |
| 40.35 | | | |
| | | | |

General and special funds—Continued

BURIAL ADMINISTRATION—Continued

Program and Financing (in millions of dollars)—Continued

| Identification code 36-0129-0-1-700 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| 43.00 Appropriation (total discretionary) | 254 | 265 | 274 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 131 | 129 | 197 |
| 73.10 Total new obligations | 206 | 306 | 262 |
| 73.20 Total outlays (gross) | -206 | -238 | -248 |
| 73.40 Adjustments in expired accounts (net) | -1 | | |
| 74.40 Obligated balance, end of year | 129 | 197 | 211 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new discretionary authority | 142 | 146 | 151 |
| 86.93 Outlays from discretionary balances | 64 | 92 | 97 |
| 87.00 Total outlays (gross) | 206 | 238 | 248 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 254 | 265 | 274 |
| 90.00 Outlays | 206 | 238 | 248 |

This appropriation provides for the corporate leadership and support to VA's Burial business line and for four related programs managed by the National Cemetery Administration including: (1) burying eligible veterans and family members in national cemeteries and maintaining the graves and their environs as national shrines; (2) providing aid to States in establishing, expanding, or improving State veterans cemeteries; (3) providing headstones and markers for the graves of eligible persons in national, state, and private cemeteries; and (4) providing presidential memorial certificates to family and friends of deceased veterans, recognizing the veteran's contribution and service to the Nation. Additionally, funding is provided for capital asset investments.

Specific performance goals relating to the Burial business line are contained in VA's congressional budget. The mission of the National Cemetery Administration is to honor veterans with a final resting place and lasting memorials that commemorate their service to our Nation. The National Cemetery Administration's vision is to provide a lasting tribute to our Nation's veterans by being mission-driven, results-oriented, and customer-focused. The National Cemetery Administration also reflects budget information for the National Cemetery Gift Fund. Through this Trust Fund, the Secretary is authorized to accept gifts and bequests which are made for the purpose of beautifying national cemeteries or are determined to be beneficial to such cemeteries, or are made for the purpose of the operation, maintenance, or improvement of the National Memorial Cemetery of Arizona.

Object Classification (in millions of dollars)

| Identification code 36-0129-0-1-700 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Personnel compensation: | | | |
| 11.1 Full-time permanent | 57 | 71 | 74 |
| 11.3 Other than full-time permanent | 8 | 10 | 10 |
| 11.9 Total personnel compensation | 65 | 81 | 84 |
| 12.1 Civilian personnel benefits | 17 | 21 | 23 |
| 13.0 Benefits for former personnel | 2 | 2 | 2 |
| 21.0 Travel and transportation of persons | 2 | 2 | 3 |
| 22.0 Transportation of things | 1 | 1 | 1 |
| 23.1 Rental payments to GSA | 1 | 1 | 1 |
| 23.3 Communications, utilities, and miscellaneous charges | 5 | 5 | 6 |
| 25.2 Other services | 39 | 28 | 26 |
| 26.0 Supplies and materials | 7 | 7 | 7 |
| 31.0 Equipment | 5 | 8 | 8 |
| 32.0 Land and structures | 36 | 117 | 81 |
| 41.0 Grants, subsidies, and contributions | 26 | 33 | 20 |
| 99.9 Total new obligations | 206 | 306 | 262 |

Personnel Summary

| Identification code 36-0129-0-1-700 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Direct: | | | |
| 1001 Total compensable workyears: Civilian full-time equivalent employment | 1,655 | 1,762 | 1,779 |

Public enterprise funds:

SERVICE-DISABLED VETERANS INSURANCE FUND

Program and Financing (in millions of dollars)

| Identification code 36-4012-0-3-701 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 09.01 Capital investment | 12 | 12 | 12 |
| 09.02 Death Claims | 48 | 50 | 54 |
| 09.03 All Other | 7 | 7 | 8 |
| 10.00 Total new obligations | 67 | 69 | 74 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 15 | 9 | 3 |
| 22.00 New budget authority (gross) | 61 | 63 | 76 |
| 23.90 Total budgetary resources available for obligation | 76 | 72 | 79 |
| 23.95 Total new obligations | -67 | -69 | -74 |
| 24.40 Unobligated balance carried forward, end of year | 9 | 3 | 5 |
| New budget authority (gross), detail: | | | |
| Mandatory: | | | |
| 69.00 Offsetting collections (cash) | 61 | 63 | 76 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 8 | 9 | 7 |
| 73.10 Total new obligations | 67 | 69 | 74 |
| 73.20 Total outlays (gross) | -67 | -70 | -73 |
| 74.40 Obligated balance, end of year | 9 | 7 | 7 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new mandatory authority | 60 | 61 | 66 |
| 86.98 Outlays from mandatory balances | 7 | 9 | 7 |
| 87.00 Total outlays (gross) | 67 | 70 | 73 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| Offsetting collections (cash) from: | | | |
| 88.00 Federal sources: Insurance account | -20 | -22 | -31 |
| 88.40 Interest on loans | -3 | -3 | -3 |
| 88.40 Insurance premiums earned | -25 | -26 | -30 |
| 88.40 Repayments of loans | -12 | -12 | -12 |
| 88.40 Other income | -1 | | |
| 88.90 Total, offsetting collections (cash) | -61 | -63 | -76 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | | |
| 90.00 Outlays | 6 | 7 | -3 |

This fund finances the payment of claims on nonparticipating life insurance policies issued and currently is open for new issues to veterans having service-connected disabilities. The program provides insurance coverage for service-disabled veterans at standard rates.

Operating costs—

Death claims.—Represents payments to designated beneficiaries.

All other.—Represents payments to policyholders who surrender their policies for their cash value and hold endowment policies which have matured.

Capital investment.—A policyholder may borrow up to 94 percent of the value of his policy.

The trend in the number and amount of policies in force is indicated in the following table.

POLICIES AND INSURANCE IN FORCE

| | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Number of policies | 154,537 | 159,273 | 163,014 |
| Insurance in force (dollars in millions) | \$1,484 | \$1,537 | \$1,574 |

Financing.—Operations are financed from premiums and other receipts. Additional funds are received by transfer from

the veterans' insurance and indemnities appropriation, instead of direct appropriations to this fund.

Operating results and financial condition.—Since premium and other receipts are insufficient to cover operations, the fund continues to project liabilities in excess of assets. The deficit is expected to reach an estimated \$552 million by September 30, 2005.

Object Classification (in millions of dollars)

| Identification code 36-4012-0-3-701 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| 33.0 Investments and loans | 12 | 12 | 12 |
| 42.0 Insurance claims and indemnities | 55 | 57 | 62 |
| 99.0 Reimbursable obligations | 67 | 69 | 74 |
| 99.9 Total new obligations | 67 | 69 | 74 |

VETERANS REOPENED INSURANCE FUND

Program and Financing (in millions of dollars)

| Identification code 36-4010-0-3-701 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 09.01 Death claims | 37 | 39 | 39 |
| 09.02 Dividends | 17 | 15 | 13 |
| 09.03 All other | 8 | 7 | 7 |
| 09.04 Capital investment: policy loans | 3 | 4 | 4 |
| 10.00 Total new obligations | 65 | 65 | 63 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 426 | 409 | 390 |
| 22.00 New budget authority (gross) | 49 | 45 | 41 |
| 23.90 Total budgetary resources available for obligation | 475 | 454 | 431 |
| 23.95 Total new obligations | -65 | -65 | -63 |
| 24.40 Unobligated balance carried forward, end of year | 409 | 390 | 368 |
| New budget authority (gross), detail: | | | |
| Mandatory: | | | |
| 69.00 Offsetting collections (cash) | 49 | 45 | 41 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 50 | 51 | 53 |
| 73.10 Total new obligations | 65 | 65 | 63 |
| 73.20 Total outlays (gross) | -63 | -63 | -62 |
| 74.40 Obligated balance, end of year | 51 | 53 | 53 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new mandatory authority | 48 | 45 | 41 |
| 86.98 Outlays from mandatory balances | 15 | 18 | 21 |
| 87.00 Total outlays (gross) | 63 | 63 | 62 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| Offsetting collections (cash) from: | | | |
| 88.20 Interest on Federal securities | -32 | -30 | -27 |
| 88.40 Interest on loans | -1 | -1 | -1 |
| 88.40 Insurance premiums earned | -10 | -9 | -8 |
| 88.40 Repayments of loans | -6 | -5 | -5 |
| 88.90 Total, offsetting collections (cash) | -49 | -45 | -41 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | | |
| 90.00 Outlays | 15 | 18 | 21 |
| Memorandum (non-add) entries: | | | |
| 92.01 Total investments, start of year: Federal securities: | | | |
| Par value | 475 | 460 | 442 |
| 92.02 Total investments, end of year: Federal securities: | | | |
| Par value | 460 | 442 | 421 |

Note.—The Department of Veterans Affairs insurance policy loans are not an extension of Federal credit. Credit schedules previously shown for this account have been discontinued.

This fund pays claims and administrative costs on participating life insurance policies issued during the period May 1, 1965, through May 2, 1966, under three life insurance programs: (1) service-disabled standard insurance; (2) service-disabled rated insurance; and (3) nonservice disabled insurance availing disabled World War II and Korean conflict vet-

erans an opportunity to acquire life insurance coverage who were no longer eligible for other Government insurance.

Budget program—

Death claims.—Represents payments to designated beneficiaries.

Dividends.—Policyholders participate in the distribution of annual dividends.

All other.—This represents resources for the administrative costs of processing claims and maintaining the accounts, and to those policyholders who: (a) surrender their policies for cash value; (b) hold endowment policies which have matured; and (c) have purchased total disability income coverage and subsequently become disabled.

Policy loans made.—A policyholder may borrow up to 94 percent of the cash value of his policy at an interest rate adjusted to reflect private sector borrowing costs.

The following table reflects the decrease in the number of policies and the amount of insurance in force:

POLICIES AND INSURANCE IN FORCE

| | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Number of policies | 62,696 | 57,731 | 52,764 |
| Insurance in force (dollars in millions) | \$556 | \$521 | \$484 |

Financing.—Operations are financed from premiums collected from policyholders and interest on investments. Excess earnings of the fund are now distributed to the policyholders in the form of an annual dividend.

Object Classification (in millions of dollars)

| Identification code 36-4010-0-3-701 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| 33.0 Investments and loans | 4 | 4 | 4 |
| 42.0 Insurance claims and indemnities | 40 | 42 | 42 |
| 43.0 Interest and dividends | 21 | 19 | 17 |
| 99.9 Total new obligations | 65 | 65 | 63 |

SERVICEMEMBERS' GROUP LIFE INSURANCE FUND

Program and Financing (in millions of dollars)

| Identification code 36-4009-0-3-701 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 09.01 Premium payments | 647 | 531 | 530 |
| 09.02 Payments to carrier | | 18 | |
| 09.03 Payment to GOE | 1 | -4 | 1 |
| 10.00 Total new obligations (object class 41.0) | 648 | 545 | 531 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 1 | | |
| 22.00 New budget authority (gross) | 648 | 545 | 531 |
| 23.90 Total budgetary resources available for obligation | 649 | 545 | 531 |
| 23.95 Total new obligations | -648 | -545 | -531 |
| 24.40 Unobligated balance carried forward, end of year | | | |
| New budget authority (gross), detail: | | | |
| Mandatory: | | | |
| 69.00 Offsetting collections (cash) | 648 | 545 | 531 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 5 | 9 | 4 |
| 73.10 Total new obligations | 648 | 545 | 531 |
| 73.20 Total outlays (gross) | -643 | -550 | -531 |
| 74.40 Obligated balance, end of year | 9 | 4 | 4 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new mandatory authority | 638 | 545 | 527 |
| 86.98 Outlays from mandatory balances | 5 | 5 | 4 |
| 87.00 Total outlays (gross) | 643 | 550 | 531 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.40 Offsetting collections (cash) from: Non-Federal sources: Withholdings from serviceman's pay | -648 | -545 | -531 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 1 | | |

Public enterprise funds—Continued

SERVICEMEMBERS' GROUP LIFE INSURANCE FUND—Continued

Program and Financing (in millions of dollars)—Continued

| Identification code 36-4009-0-3-701 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| 90.00 Outlays | -3 | 5 | |
| Memorandum (non-add) entries: | | | |
| 92.01 Total investments, start of year: Federal securities: | | | |
| Par value | 5 | 9 | 4 |
| 92.02 Total investments, end of year: Federal securities: | | | |
| Par value | 9 | 4 | 4 |

This fund finances the payment of group life insurance premiums to private insurance companies under the Servicemembers' Group Life Insurance Act of 1965, as amended.

Object Classification (in millions of dollars)

| Identification code 36-4009-0-3-701 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| 41.0 Grants, subsidies, and contributions | 648 | 545 | 531 |
| 99.0 Reimbursable obligations | 648 | 545 | 531 |

Credit accounts:

HOUSING PROGRAM ACCOUNT
(INCLUDING TRANSFER OF FUNDS)

For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by 38 U.S.C. chapter 37, subchapters I through III, as amended: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That during 2005, not to exceed \$500,000 in gross obligations for direct loans for specially adapted housing loans, 38 U.S.C. 3711(i): Provided further, That no new Native American housing loans in excess of \$30,000,000 may be made in 2005, including interest rate refinancing, 38 U.S.C. 3762(h).

For the cost of the benefits authorized by 38 U.S.C. 2101, such sums as may be necessary.

For operating expenses associated with the housing program, as authorized by 38 U.S.C., chapters 21 and 37, \$157,149,000 to carry out the grant program and the direct and guaranteed loan programs, of which \$4,746,000 may be transferred to and merged with the appropriation, "General Administration", and of which no more than \$1,753,000 is available for construction: Provided, That of the amount provided for housing operating expenses, (1) \$750,000 is for administering the Transitional Housing program as authorized by 38 U.S.C. chapter 20, subchapter VI; and (2) \$571,000 is for administering the Native American housing program as authorized by 38 U.S.C. chapter 37, subchapter V, as amended.

For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by 38 U.S.C. chapter 37, as amended: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That during fiscal year 2004, within the resources available, not to exceed \$300,000 in gross obligations for direct loans are authorized for specially adapted housing loans.]

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, \$154,850,000, which may be transferred to and merged with the appropriation for "General operating expenses".]

[NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM ACCOUNT]

[(INCLUDING TRANSFER OF FUNDS)]

For administrative expenses to carry out the direct loan program authorized by 38 U.S.C. chapter 37, subchapter V, as amended, \$571,000, which may be transferred to and merged with the appropriation for "General operating expenses": Provided, That no new loans in excess of \$50,000,000 may be made in fiscal year 2004.]

[GUARANTEED TRANSITIONAL HOUSING LOANS FOR HOMELESS VETERANS PROGRAM ACCOUNT]

For the administrative expenses to carry out the guaranteed transitional housing loan program authorized by 38 U.S.C. chapter 37, subchapter VI, not to exceed \$600,000 of the amounts appropriated by this Act for "General operating expenses" and "Medical services" may be expended. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

| Identification code 36-1119-0-1-704 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 00.01 Direct loan subsidy | | 13 | 10 |
| 00.02 Guaranteed loan subsidy | 547 | 275 | 44 |
| 00.05 Reestimates of direct loan subsidy | 277 | 1 | |
| 00.06 Interest on reestimates of the direct loan subsidy | 229 | | |
| 00.07 Reestimates of guaranteed loan subsidy | 217 | | |
| 00.08 Interest on reestimates of the guaranteed loan subsidy | 27 | | |
| 00.09 Administrative expenses | 168 | 155 | 155 |
| 00.10 Specialty Adapted Housing Grant Program | 21 | 30 | 31 |
| 00.91 Direct Program by Activities—Subtotal (1 level) | 1,488 | 474 | 240 |
| 01.12 Construction, minor projects | 1 | 2 | 2 |
| 10.00 Total new obligations | 1,489 | 476 | 242 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 51 | 52 | 42 |
| 22.00 New budget authority (gross) | 1,489 | 466 | 232 |
| 23.90 Total budgetary resources available for obligation | 1,540 | 518 | 274 |
| 23.95 Total new obligations | -1,489 | -476 | -242 |
| 24.40 Unobligated balance carried forward, end of year | 52 | 42 | 32 |
| New budget authority (gross), detail: | | | |
| Discretionary: | | | |
| 40.00 Appropriation | 171 | 158 | 157 |
| 40.35 Appropriation reduced pursuant to P.L. 108-7 | -1 | | |
| 40.35 Appropriation permanently reduced pursuant to H.R. 2673 | | -1 | |
| 43.00 Appropriation (total discretionary) | 170 | 157 | 157 |
| Mandatory: | | | |
| 60.00 Appropriation | 568 | 308 | 75 |
| 60.20 Appropriation (special fund) | 751 | 1 | |
| 62.50 Appropriation (total mandatory) | 1,319 | 309 | 75 |
| 70.00 Total new budget authority (gross) | 1,489 | 466 | 232 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 32 | 49 | 41 |
| 73.10 Total new obligations | 1,489 | 476 | 242 |
| 73.20 Total outlays (gross) | -1,471 | -484 | -238 |
| 74.40 Obligated balance, end of year | 49 | 41 | 45 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new discretionary authority | 136 | 131 | 131 |
| 86.93 Outlays from discretionary balances | 30 | 25 | 22 |
| 86.97 Outlays from new mandatory authority | 1,305 | 309 | 75 |
| 86.98 Outlays from mandatory balances | | 19 | 10 |
| 87.00 Total outlays (gross) | 1,471 | 484 | 238 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 1,489 | 466 | 232 |
| 90.00 Outlays | 1,471 | 484 | 238 |

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

| Identification code 36-1119-0-1-704 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Direct loan levels supportable by subsidy budget authority: | | | |
| 115001 Acquired and Vendee Loans | 555 | 1,090 | 1,692 |
| 115002 Native American Direct Loan Levels | 11 | 25 | 3 |
| 115003 Transitional Housing Direct Loan Levels | | 20 | 20 |
| 115901 Total direct loan levels | 566 | 1,135 | 1,715 |
| Direct loan subsidy (in percent): | | | |
| 132001 Acquired and Vendee Loans | -1.39 | -1.36 | -5.12 |
| 132002 Native American Direct Loan Levels | -8.96 | 0.28 | -7.75 |
| 132003 Transitional Housing Direct Loan Levels | 0.00 | 48.25 | 48.25 |
| 132901 Weighted average subsidy rate | -1.54 | -0.44 | -4.49 |

| | | | |
|---|--------|--------|--------|
| Direct loan subsidy budget authority: | | | |
| 133001 Acquired and Vendee Loans | -7 | -15 | -87 |
| 133002 Native American Direct Loan Levels | | | |
| 133003 Transitional Housing Direct Loan Levels | | 10 | 10 |
| 133901 Total subsidy budget authority | -7 | -5 | -77 |
| Direct loan subsidy outlays: | | | |
| 134001 Acquired and Vendee Loans | -7 | -15 | -87 |
| 134002 Native American Direct Loan Levels | | | |
| 134003 Transitional Housing Direct Loan Levels | | 5 | 10 |
| 134901 Total subsidy outlays | -7 | -10 | -77 |
| Direct loan upward reestimate subsidy budget authority: | | | |
| 135001 Acquired and Vendee Loans | 506 | | |
| 135002 Native American Direct Loan Levels | | 1 | |
| 135901 Total upward reestimate budget authority | 506 | 1 | |
| Direct loan downward reestimate subsidy budget authority: | | | |
| 137001 Acquired and Vendee Loans | -307 | -222 | |
| 137002 Native American Direct Loan Levels | -4 | -1 | |
| 137901 Total downward reestimate budget authority | -311 | -223 | |
| Guaranteed loan levels supportable by subsidy budget authority: | | | |
| 215001 Veterans Housing Benefit Program | 65,791 | 46,591 | 40,642 |
| 215002 Guaranteed Loan Sale Securities | 283 | 721 | 1,187 |
| 215901 Total loan guarantee levels | 66,074 | 47,312 | 41,829 |
| Guaranteed loan subsidy (in percent): | | | |
| 232001 Veterans Housing Benefit Program | 0.81 | 0.50 | -0.32 |
| 232002 Guaranteed Loan Sale Securities | 5.06 | 5.65 | 3.69 |
| 232901 Weighted average subsidy rate | 0.83 | 0.58 | -0.21 |
| Guaranteed loan subsidy budget authority: | | | |
| 233001 Veterans Housing Benefit Program | 533 | 234 | -130 |
| 233002 Guaranteed Loan Sale Securities | 14 | 41 | 44 |
| 233901 Total subsidy budget authority | 547 | 275 | -86 |
| Guaranteed loan subsidy outlays: | | | |
| 234001 Veterans Housing Benefit Program | 519 | 249 | -130 |
| 234002 Guaranteed Loan Sale Securities | 14 | 41 | 44 |
| 234901 Total subsidy outlays | 533 | 290 | -86 |
| Guaranteed loan upward reestimate subsidy budget authority: | | | |
| 235001 Veterans Housing Benefit Program | 184 | | |
| 235002 Guaranteed Loan Sale Securities | 61 | | |
| 235901 Total upward reestimate budget authority | 245 | | |
| Guaranteed loan downward reestimate subsidy budget authority: | | | |
| 237001 Veterans Housing Benefit Program | -354 | -1,930 | |
| 237002 Guaranteed Loan Sale Securities | -214 | -159 | |
| 237901 Total downward reestimate subsidy budget authority | -568 | -2,089 | |
| Administrative expense data: | | | |
| 351001 Budget authority | 170 | 157 | 157 |
| 359001 Outlays from new authority | 166 | 157 | 155 |

As required by the Federal Credit Reform Act of 1990, this account records, for these programs, the subsidy costs associated with the direct loans obligated and loan guarantees committed in 1992 and beyond, (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year), as well as for the administrative expenses of these programs. The subsidy amounts are estimated on a net present value basis.

Veterans housing benefit program fund program account.—The Federal guaranty for this program protects lenders against the following types of losses: (a) for loans of \$45,000 or less, 50 percent of the loan is guaranteed; (b) for loans greater than \$45,000, but not more than \$56,250, \$22,500; (c) for loans more than \$56,250, but less than \$144,000, the lesser of \$36,000 or 40 percent of the loan; or (d) for loans greater than \$144,000, the lesser of \$60,000 or 25 percent of the loan. Direct loans include foreclosed guaranteed loans in the inventory that are sold with vendee financing which was reinstated during fiscal year 2004.

Native American veterans housing loan program account.—The Native American Veterans Housing Loan program pro-

vides direct loans to veterans living on trust lands under 38 U.S.C. chapter 37, section 3761. These loans are available to purchase, construct or improve homes to be occupied as the veteran's residence. The principal amount of a loan under this authority is generally limited to \$80,000, except in areas where housing costs are significantly higher than average costs nationwide. This is a pilot program that began in 1993 and is authorized through December 31, 2005.

Guaranteed transitional housing loans for homeless veterans program account.—Public Law 105-368, the "Veterans Benefits Improvement Act of 1998," established a pilot project designed to expand the supply of transitional housing for homeless veterans and to guarantee up to 15 investment loans with a maximum aggregate value of \$100 million. The project must enforce sobriety standards and provide a wide range of supportive services such as counseling for substance abuse and job readiness skills. Residents will be required to pay a reasonable fee.

Specially adapted housing grants.—Specially adapted housing grants, up to a maximum of \$50,000, are provided to certain severely disabled veterans. Veterans who suffer service-connected blindness or who have lost the use of both upper extremities can receive up to \$10,000. The following table shows caseload for this program. Specific performance goals are contained in VA's congressional budget.

Legislation is proposed to change eligibility for use of the veterans housing benefit loan program. Service members who separate after the legislation is passed will be limited to one-time use. Five years after enactment, current veterans would be limited to one-time use of the loan program. Active duty military personnel will retain the ability to use the benefit as many times as needed. There are no costs associated with this proposal in 2005. Ten year costs are projected to be \$91 million.

CASELOAD AND AVERAGE COST DATA

| | 2003 actual | 2004 est. | 2005 est. |
|--------------------------|-------------|-----------|-----------|
| Housing grants: | | | |
| Number of housing grants | 515 | 615 | 615 |
| Average cost per grant | \$40,781 | \$49,500 | \$50,000 |
| Total cost (in millions) | \$21 | \$30 | \$31 |

This appropriation provides for the corporate leadership and operational support to VA's housing business line. Additionally, funding is provided for capital asset investments.

The Housing program facilitates the extension of private capital, on more liberal terms than generally available to nonveterans, to: assist veterans and servicepersons in obtaining housing credits; provide grants to aid permanently and totally disabled veterans in acquiring specially adapted housing; and assist veterans in retaining their homes during periods of temporary economic difficulty through intensive supplemental mortgage loan servicing.

WORKLOAD

| | 2003 actual | 2004 est. | 2005 est. |
|----------------------------|-------------|-----------|-----------|
| (In thousands) | | | |
| Construction and valuation | 244 | 230 | 230 |
| Loan processing | 922 | 730 | 725 |
| Loan service and claims | 335 | 340 | 355 |
| Property management | 36 | 38 | 39 |

Object Classification (in millions of dollars)

| Identification code 36-1119-0-1-704 | 2003 actual | 2004 est. | 2005 est. |
|-------------------------------------|-------------|-----------|-----------|
| Personnel compensation: | | | |
| 11.1 Full-time permanent | 62 | 66 | 63 |
| 11.5 Other personnel compensation | 9 | 10 | 11 |
| 11.9 Total personnel compensation | 71 | 76 | 74 |
| 12.1 Civilian personnel benefits | 19 | 21 | 21 |
| 21.0 Employee travel | 3 | 2 | 3 |

Credit accounts—Continued

HOUSING PROGRAM ACCOUNT—Continued

[GUARANTEED TRANSITIONAL HOUSING LOANS FOR HOMELESS VETERANS PROGRAM ACCOUNT]—Continued

Object Classification (in millions of dollars)—Continued

| Identification code 36-1119-0-1-704 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| 22.0 Transportation of things | 1 | | 1 |
| 23.1 Rental payments to GSA | 9 | 8 | 9 |
| 23.2 Rental payments to others | 1 | 1 | 1 |
| 23.3 Communications, utilities, and miscellaneous charges | 5 | 5 | 5 |
| 24.0 Printing and reproduction | 1 | 1 | 1 |
| 25.2 Other services | 55 | 39 | 38 |
| 26.0 Supplies and materials | 1 | 1 | 1 |
| 31.0 Equipment | 3 | 1 | 2 |
| 32.0 Land and structures | 1 | 2 | 2 |
| 41.0 Grants, subsidies, and contributions | 1,319 | 319 | 84 |
| 99.9 Total new obligations | 1,489 | 476 | 242 |

Personnel Summary

| Identification code 36-1119-0-1-704 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Direct: | | | |
| 1001 Total compensable workyears: Civilian full-time equivalent employment | 1,404 | 1,390 | 1,281 |

HOUSING PROGRAM ACCOUNT

(Legislative proposal, subject to PAYGO)

In order to refocus VA's housing loan program toward its original intent of serving as a readjustment benefit from military to civilian life, the Administration will be transmitting legislation that would limit eligibility for veterans' housing loans to one-time use—in lieu of the lifetime multi-use entitlement it has become. For those who are already veterans upon enactment of this bill, the proposal allows unlimited usage for the next five years, and then only once thereafter. The proposal would not limit use by active duty members, and would become immediately effective after passage of legislation for newly separating servicepersons. This proposal is estimated to cost \$91 million over ten years, and affects the Direct Loan Financing, Guaranteed Loan Financing, Negative Subsidy and Housing Program Accounts beginning in 2010.

HOUSING DIRECT LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

| Identification code 36-4127-0-3-704 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 00.01 Direct loans | 555 | 1,090 | 1,692 |
| 00.02 Interest on Treasury borrowing | 245 | 188 | 208 |
| 00.03 Property sales expense | 4 | 3 | 3 |
| 00.04 Property management/other expense | 9 | 6 | 5 |
| 00.05 Property improvement expense | 2 | 2 | 2 |
| 00.91 Direct Program by Activities—Subtotal (1 level) | 815 | 1,289 | 1,910 |
| 08.01 Payment of negative subsidy to receipt account | 8 | 18 | 87 |
| 08.02 Payment of downward reestimate to receipt account | 260 | 178 | |
| 08.04 Payment of excess interest earned to receipt account | 47 | 43 | |
| 08.91 Direct Program by Activities—Subtotal (1 level) | 315 | 239 | 87 |
| 10.00 Total new obligations | 1,131 | 1,528 | 1,997 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 227 | 220 | |
| 22.00 New financing authority (gross) | 1,125 | 1,307 | 1,996 |
| 23.90 Total budgetary resources available for obligation | 1,352 | 1,527 | 1,996 |
| 23.95 Total new obligations | -1,131 | -1,528 | -1,997 |
| 24.40 Unobligated balance carried forward, end of year | 220 | | |
| New financing authority (gross), detail: | | | |
| Mandatory: | | | |
| 67.10 Authority to borrow | 1,322 | 1,091 | 1,692 |

| | | | |
|--|--------|-------|--------|
| 69.00 Offsetting collections (cash) | 1,298 | 1,116 | 1,641 |
| 69.47 Portion applied to repay debt | -1,495 | -900 | -1,337 |
| 69.90 Spending authority from offsetting collections (total mandatory) | -197 | 216 | 304 |
| 70.00 Total new financing authority (gross) | 1,125 | 1,307 | 1,996 |

Change in obligated balances:

| | | | |
|---|--------|--------|--------|
| 72.40 Obligated balance, start of year | 78 | 78 | 106 |
| 73.10 Total new obligations | 1,131 | 1,528 | 1,997 |
| 73.20 Total financing disbursements (gross) | -1,130 | -1,501 | -1,964 |
| 74.40 Obligated balance, end of year | 78 | 106 | 138 |
| 87.00 Total financing disbursements (gross) | 1,130 | 1,501 | 1,964 |

Offsets:

| | | | |
|---|--------|--------|--------|
| Against gross financing authority and financing disbursements: | | | |
| Offsetting collections (cash) from: | | | |
| 88.00 Federal sources: Payments from program account | -506 | -3 | |
| 88.00 Transfer of loan sales from LSSA | -283 | -721 | -1,186 |
| 88.00 Reimbursements from DLFA | -23 | -3 | -3 |
| 88.25 Interest on uninvested funds | -88 | | |
| Non-Federal sources: | | | |
| 88.40 Repayments of principal | -244 | -249 | -288 |
| 88.40 Interest received on loans | -94 | -96 | -111 |
| 88.40 Fees | -9 | -15 | -26 |
| 88.40 Cash sale of properties | -49 | -29 | -27 |
| 88.40 Other | -2 | | |
| 88.90 Total, offsetting collections (cash) | -1,298 | -1,116 | -1,641 |

Net financing authority and financing disbursements:

| | | | |
|-------------------------------------|------|-----|-----|
| 89.00 Financing authority | -173 | 191 | 355 |
| 90.00 Financing disbursements | -167 | 384 | 323 |

Status of Direct Loans (in millions of dollars)

| Identification code 36-4127-0-3-704 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Position with respect to appropriations act limitation on obligations: | | | |
| 1111 Limitation on direct loans | | | |
| 1131 Direct loan obligations exempt from limitation | 555 | 1,090 | 1,692 |
| 1150 Total direct loan obligations | 555 | 1,090 | 1,692 |
| Cumulative balance of direct loans outstanding: | | | |
| 1210 Outstanding, start of year | 1,601 | 1,567 | 1,682 |
| 1231 Disbursements: Direct loan disbursements | 555 | 1,090 | 1,692 |
| Repayments: | | | |
| 1251 Repayments and prepayments | -244 | -249 | -288 |
| 1253 Proceeds from loan asset sales to the public with recourse | -283 | -721 | -1,187 |
| Write-offs for default: | | | |
| 1263 Direct loans | -5 | -5 | -5 |
| 1264 Other adjustments, net | -57 | | |
| 1290 Outstanding, end of year | 1,567 | 1,682 | 1,894 |

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and beyond (including modifications of direct loans that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

| Identification code 36-4127-0-3-704 | 2002 actual | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-------------|-----------|-----------|
| ASSETS: | | | | |
| Federal assets: | | | | |
| 1101 Fund balances with Treasury | 305 | 299 | | |
| Investments in US securities: | | | | |
| 1106 Receivables, net | 506 | | | |
| Net value of assets related to post-1991 direct loans receivable: | | | | |
| 1401 Direct loans receivable, gross | 1,601 | 1,567 | | |
| 1402 Interest receivable | 48 | 29 | | |
| 1403 Accounts receivable from foreclosed property | 1 | | | |
| 1404 Foreclosed property | 64 | | | |
| 1405 Other assets | 847 | 1,216 | | |

| | | | | |
|----------------------|--|-------|-------|--|
| 1499 | Net present value of assets related to direct loans | 2,561 | 2,812 | |
| 1999 | Total assets | 3,372 | 3,111 | |
| LIABILITIES: | | | | |
| Federal liabilities: | | | | |
| 2101 | Accounts payable | | | |
| 2103 | Debt | 2,984 | 2,811 | |
| 2104 | Resources payable to Treasury | | 300 | |
| 2105 | Other | 388 | | |
| 2204 | Non-Federal liabilities: Liabilities for loan guarantees | | | |
| 2999 | Total liabilities | 3,372 | 3,111 | |
| 4999 | Total liabilities and net position | 3,372 | 3,111 | |

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

HOUSING DIRECT LOAN FINANCING ACCOUNT
(Legislative proposal, subject to PAYGO)

In order to refocus VA's housing loan program toward its original intent of serving as a readjustment benefit from military to civilian life, the Administration will be transmitting legislation that would limit eligibility for veterans' housing loans to one-time use—in lieu of the lifetime multi-use entitlement it has become. For those who are already veterans upon enactment of this bill, the proposal allows unlimited usage for the next five years, and then only once thereafter. The proposal would not limit use by active duty members, and would become immediately effective after passage of legislation for newly separating servicepersons. This proposal is estimated to cost \$91 million over ten years, and affects the Direct Loan Financing, Guaranteed Loan Financing, Negative Subsidy and Housing Program Accounts beginning in 2010.

HOUSING GUARANTEED LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

| Identification code 36-4129-0-3-704 | 2003 actual | 2004 est. | 2005 est. | |
|--|--|-----------|-----------|--------|
| Obligations by program activity: | | | | |
| 00.01 | Acquisition of homes | 1,020 | 2,543 | 2,647 |
| 00.02 | Losses on defaulted loans | 291 | 299 | 299 |
| 00.03 | Interest on Treasury borrowing | 1 | | |
| 00.04 | Reimburse DLFA for loan sales | 283 | 721 | 1,187 |
| 00.05 | Payment to trustee reserve | 14 | 38 | 39 |
| 00.06 | Reimburse Liquidating for subordination certificate | 25 | | |
| 00.07 | Loan Sale Closing Costs | 1 | 1 | 2 |
| 00.09 | Property sales expense | 73 | 154 | 160 |
| 00.10 | Property management expense | 49 | 104 | 108 |
| 00.11 | Property improvement expense | 27 | 59 | 61 |
| 00.12 | Loans acquired | 158 | 275 | 309 |
| 00.91 | Direct Program by Activities—Subtotal (1 level) | 1,943 | 4,194 | 4,812 |
| 08.01 | Payment of negative subsidy to receipt account | | | 130 |
| 08.02 | Payment of downward reestimate to receipt account | 401 | 1,547 | |
| 08.04 | Payment of excess interest to receipt account | 166 | 542 | |
| 08.91 | Direct Program by Activities—Subtotal (1 level) | 568 | 2,089 | 130 |
| 10.00 | Total new obligations | 2,510 | 6,283 | 4,942 |
| Budgetary resources available for obligation: | | | | |
| 21.40 | Unobligated balance carried forward, start of year | 5,088 | 5,912 | 4,193 |
| 22.00 | New financing authority (gross) | 3,334 | 4,564 | 4,789 |
| 23.90 | Total budgetary resources available for obligation | 8,422 | 10,476 | 8,982 |
| 23.95 | Total new obligations | -2,510 | -6,283 | -4,942 |
| 24.40 | Unobligated balance carried forward, end of year | 5,912 | 4,193 | 4,040 |
| New financing authority (gross), detail: | | | | |
| Mandatory: | | | | |
| 69.00 | Offsetting collections (cash) | 3,316 | 4,550 | 4,789 |
| 69.10 | Change in uncollected customer payments from Federal sources (unexpired) | 37 | 14 | |
| 69.26 | From offsetting collections (unavailable balances) | -14 | | |
| 69.47 | Portion applied to repay debt | -5 | | |
| 69.90 | Spending authority from offsetting collections (total mandatory) | 3,334 | 4,564 | 4,789 |
| Change in obligated balances: | | | | |
| 72.40 | Obligated balance, start of year | 25 | -3 | 41 |

| | | | | |
|--|--|--------|--------|--------|
| 73.10 | Total new obligations | 2,510 | 6,283 | 4,942 |
| 73.20 | Total financing disbursements (gross) | -2,500 | -6,225 | -4,958 |
| 74.00 | Change in uncollected customer payments from Federal sources (unexpired) | -37 | -14 | |
| 74.40 | Obligated balance, end of year | -3 | 41 | 25 |
| 87.00 | Total financing disbursements (gross) | 2,500 | 6,225 | 4,958 |
| Offsets: | | | | |
| Against gross financing authority and financing disbursements: | | | | |
| Offsetting collections (cash) from: | | | | |
| Federal sources: | | | | |
| 88.00 | Payments from program account | -778 | -290 | -44 |
| 88.00 | Recoveries from DLFA | -504 | -1,614 | -1,674 |
| 88.25 | Interest on uninvested funds | -315 | -267 | -237 |
| Non-Federal sources: | | | | |
| 88.40 | Funding fees | -639 | -775 | -708 |
| 88.40 | Cash sale of properties | -782 | -837 | -899 |
| 88.40 | Refunds from Trust | -19 | -26 | -24 |
| 88.40 | Redemption of properties and other | -2 | | |
| 88.45 | Loan sale proceeds | -277 | -741 | -1,203 |
| 88.90 | Total, offsetting collections (cash) | -3,316 | -4,550 | -4,789 |
| Against gross financing authority only: | | | | |
| 88.95 | Change in receivables from program accounts | -37 | -14 | |
| Net financing authority and financing disbursements: | | | | |
| 89.00 | Financing authority | -19 | | |
| 90.00 | Financing disbursements | -816 | 1,675 | 169 |

Status of Guaranteed Loans (in millions of dollars)

| Identification code 36-4129-0-3-704 | 2003 actual | 2004 est. | 2005 est. | |
|---|---|-----------|-----------|---------|
| Position with respect to appropriations act limitation on commitments: | | | | |
| 2111 | Limitation on guaranteed loans made by private lenders | | | |
| 2131 | Guaranteed loan commitments exempt from limitation | 65,791 | 46,591 | 40,642 |
| 2132 | Guaranteed loan commitments for loan asset sales with recourse | 283 | 721 | 1,187 |
| 2150 | Total guaranteed loan commitments | 66,074 | 47,312 | 41,829 |
| 2199 | Guaranteed amount of guaranteed loan commitments | 21,398 | 15,841 | 14,364 |
| Cumulative balance of guaranteed loans outstanding: | | | | |
| 2210 | Outstanding, start of year | 257,828 | 318,222 | 358,671 |
| 2231 | Disbursements of new guaranteed loans | 65,791 | 46,591 | 40,642 |
| 2232 | Guarantees of loans sold to the public with recourse | 283 | 721 | 1,187 |
| 2251 | Repayments and prepayments | -4,211 | -3,707 | -3,963 |
| Adjustments: | | | | |
| 2261 | Terminations for default that result in loans receivable | -289 | -297 | -297 |
| 2262 | Terminations for default that result in acquisition of property | -1,020 | -2,543 | -2,646 |
| 2263 | Terminations for default that result in claim payments | -2 | -41 | -41 |
| 2264 | Other adjustments, net | -158 | -275 | -308 |
| 2290 | Outstanding, end of year | 318,222 | 358,671 | 393,245 |
| Memorandum: | | | | |
| 2299 | Guaranteed amount of guaranteed loans outstanding, end of year | 107,889 | 121,320 | 133,183 |
| Addendum: | | | | |
| Cumulative balance of defaulted guaranteed loans that result in loans receivable: | | | | |
| 2310 | Outstanding, start of year | 872 | 841 | 1,006 |
| 2331 | Disbursements for guaranteed loan claims | 289 | 297 | 297 |
| 2351 | Repayments of loans receivable | -54 | -52 | -62 |
| 2361 | Write-offs of loans receivable | -82 | -80 | -92 |
| 2364 | Other adjustments, net | -184 | | |
| 2390 | Outstanding, end of year | 841 | 1,006 | 1,149 |

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantees committed in 1992 and beyond, including modifications of guaranteed loans that resulted from commitments in any year, and from the guarantee of loans sold through the securitization programs. The amounts in this account are a means of financing and are not included in the budget totals.

Credit accounts—Continued

HOUSING GUARANTEED LOAN FINANCING ACCOUNT—Continued

Balance Sheet (in millions of dollars)

| Identification code 36-4129-0-3-704 | 2002 actual | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-------------|-----------|-----------|
| ASSETS: | | | | |
| Federal assets: | | | | |
| 1101 Fund balances with Treasury | 5,113 | 5,947 | | |
| Investments in US securities: | | | | |
| 1106 Receivables, net | 255 | 87 | | |
| Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable: | | | | |
| 1501 Defaulted guaranteed loans receivable, gross | 872 | 841 | | |
| 1502 Interest receivable | | | | |
| 1504 Accounts receivable from foreclosed property | 9 | 5 | | |
| 1505 Other assets | 34 | 35 | | |
| 1599 Net present value of assets related to defaulted guaranteed loans | 915 | 881 | | |
| 1999 Total assets | 6,283 | 6,915 | | |
| LIABILITIES: | | | | |
| Federal liabilities: | | | | |
| 2101 Federal liabilities: Debt | 19 | 14 | | |
| 2105 Other liabilities | 410 | 27 | | |
| Non-Federal liabilities: | | | | |
| 2201 Accounts payable | 14 | 2,118 | | |
| 2204 Non-federal liabilities | 5,840 | 4,756 | | |
| 2999 Total liabilities | 6,283 | 6,915 | | |
| 4999 Total liabilities and net position | 6,283 | 6,915 | | |

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

HOUSING GUARANTEED LOAN FINANCING ACCOUNT

(Legislative proposal, subject to PAYGO)

In order to refocus VA's housing loan program toward its original intent of serving as a readjustment benefit from military to civilian life, the Administration will be transmitting legislation that would limit eligibility for veterans' housing loans to one-time use—in lieu of the lifetime multi-use entitlement it has become. For those who are already veterans upon enactment of this bill, the proposal allows unlimited usage for the next five years, and then only once thereafter. The proposal would not limit use by active duty members, and would become immediately effective after passage of legislation for newly separating servicepersons. This proposal is estimated to cost \$91 million over ten years, and affects the Direct Loan Financing, Guaranteed Loan Financing, Negative Subsidy and Housing Program Accounts beginning in 2010.

HOUSING LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

| Identification code 36-4025-0-3-704 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Capital investments: | | | |
| 00.01 Acquisition of homes | 28 | 25 | 21 |
| 00.02 Property improvements | 2 | 2 | 2 |
| 00.04 Acquisition of defaulted guaranteed loans | 7 | 4 | 4 |
| 00.05 Repurchase of loans sold | 4 | 3 | 3 |
| 00.91 Total capital investments | 41 | 34 | 30 |
| 01.00 Total capital investments | 41 | 34 | 30 |
| Operating expenses: | | | |
| 01.02 Property management expense | 6 | 6 | 5 |
| 01.03 Sales expense | 5 | 5 | 4 |
| 01.04 Claims processed | | 8 | 7 |
| 01.91 Total operating expenses | 11 | 19 | 16 |
| 10.00 Total new obligations (object class 33.0) | 53 | 53 | 46 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 26 | 28 | |

| | | | |
|--|-----|-----|-----|
| 22.00 New budget authority (gross) | 81 | 53 | 46 |
| 22.40 Capital transfer to general fund | -26 | -28 | |
| 23.90 Total budgetary resources available for obligation | 81 | 53 | 46 |
| 23.95 Total new obligations | -53 | -53 | -46 |
| 24.40 Unobligated balance carried forward, end of year | 28 | | |

New budget authority (gross), detail:

| | | | |
|--|-----|-----|-----|
| Mandatory: | | | |
| 69.00 Offsetting collections (cash) | 116 | 106 | 89 |
| 69.10 Change in uncollected customer payments from Federal sources (unexpired) | 25 | | |
| 69.27 Capital transfer to general fund | -60 | -53 | -43 |
| 69.90 Spending authority from offsetting collections (total mandatory) | 81 | 53 | 46 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 4 | -23 | |
| 73.10 Total new obligations | 53 | 53 | 46 |
| 73.20 Total outlays (gross) | -55 | -30 | -46 |
| 74.00 Change in uncollected customer payments from Federal sources (unexpired) | -25 | | |
| 74.40 Obligated balance, end of year | -23 | | |

Outlays (gross), detail:

| | | | |
|--|----|----|----|
| 86.97 Outlays from new mandatory authority | 55 | 8 | 46 |
| 86.98 Outlays from mandatory balances | | 22 | |
| 87.00 Total outlays (gross) | 55 | 30 | 46 |

Offsets:

| | | | |
|--|------|------|-----|
| Against gross budget authority and outlays: | | | |
| Offsetting collections (cash) from: | | | |
| 88.00 Federal sources: Payments from direct loan financing account | -23 | -10 | -15 |
| Non-Federal sources: | | | |
| 88.40 Loan and other repayments | -29 | -28 | -21 |
| 88.40 Sale of homes, cash | -40 | -42 | -31 |
| 88.40 Interest on loans | -20 | -18 | -16 |
| 88.40 Collection of claims | | | |
| 88.40 Other revenues | -4 | -8 | -6 |
| 88.90 Total, offsetting collections (cash) | -116 | -106 | -89 |
| Against gross budget authority only: | | | |
| 88.95 Change in uncollected customer payments from Federal sources (unexpired) | -25 | | |

Net budget authority and outlays:

| | | | |
|------------------------------|-----|-----|-----|
| 89.00 Budget authority | -60 | -53 | -43 |
| 90.00 Outlays | -61 | -76 | -43 |

Status of Direct Loans (in millions of dollars)

| Identification code 36-4025-0-3-704 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Cumulative balance of direct loans outstanding: | | | |
| 1210 Outstanding, start of year | 149 | 113 | 80 |
| 1232 Disbursements: Purchase of loans assets from the public | 4 | 3 | 3 |
| 1251 Repayments: Repayments and prepayments | -29 | -28 | -21 |
| Write-offs for default: | | | |
| 1263 Direct loans | -10 | -8 | -6 |
| 1264 Other adjustments, net | -1 | | |
| 1290 Outstanding, end of year | 113 | 80 | 56 |

Status of Guaranteed Loans (in millions of dollars)

| Identification code 36-4025-0-3-704 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Cumulative balance of guaranteed loans outstanding: | | | |
| 2210 Outstanding, start of year | 6,704 | 4,908 | 3,582 |
| 2251 Repayments and prepayments | -1,762 | -1,290 | -941 |
| Adjustments: | | | |
| 2261 Terminations for default that result in loans receivable | -6 | -4 | -4 |
| 2262 Terminations for default that result in acquisition of property | -28 | -24 | -21 |
| 2263 Terminations for default that result in claim payments | | -8 | -7 |
| 2264 Other adjustments, net | | | |
| 2290 Outstanding, end of year | 4,908 | 3,582 | 2,609 |
| Memorandum: | | | |
| 2299 Guaranteed amount of guaranteed loans outstanding, end of year | 2,220 | 1,621 | 1,180 |

Addendum:

| | | | | |
|---|--|-----|-----|-----|
| Cumulative balance of defaulted guaranteed loans that result in loans receivable: | | | | |
| 2310 | Outstanding, start of year | 282 | 284 | 285 |
| 2331 | Disbursements for guaranteed loan claims | 7 | 4 | 4 |
| 2361 | Write-offs of loans receivable | -5 | -3 | -3 |
| 2364 | Other adjustments, net | | | |
| 2390 | Outstanding, end of year | 284 | 285 | 286 |

Balance Sheet (in millions of dollars)

| Identification code 36-4025-0-3-704 | 2002 actual | 2003 actual | 2004 est. | 2005 est. |
|---|--|-------------|-----------|-----------|
| ASSETS: | | | | |
| Federal assets: | | | | |
| 1101 | Fund balances with Treasury | 29 | 5 | |
| Investments in US securities: | | | | |
| 1106 | Receivables, net | 6 | 27 | |
| 1201 | Non-Federal assets: Investments in non-Federal securities, net | 203 | 191 | |
| Net value of assets related to post-1991 direct loans receivable: | | | | |
| 1401 | Direct loans receivable, gross | 149 | 184 | |
| 1402 | Interest receivable | 92 | 5 | |
| 1499 | Net present value of assets related to direct loans | 241 | 189 | |
| 1901 | Other Federal assets: Other assets | -3 | | |
| 1999 | Total assets | 476 | 412 | |
| LIABILITIES: | | | | |
| 2103 | Federal liabilities: Debt | 466 | 405 | |
| 2207 | Non-Federal liabilities: Other | 10 | 7 | |
| 2999 | Total liabilities | 476 | 412 | |
| 4999 | Total liabilities and net position | 476 | 412 | |

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

As required by the Federal Credit Reform Act of 1990, this account records all cash flows to and from the Government resulting from direct loans obligated and loan guarantees committed prior to 1992. All new activity in this program in 1992 and beyond is recorded in the corresponding program and financing accounts.

NATIVE AMERICAN AND TRANSITIONAL HOUSING DIRECT LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

| Identification code 36-4130-0-3-704 | 2003 actual | 2004 est. | 2005 est. | |
|--|--|-----------|-----------|-----|
| Obligations by program activity: | | | | |
| 00.01 | Direct loans | 10 | 45 | 23 |
| 00.03 | Interest on Treasury borrowing | 2 | 2 | 3 |
| 00.91 | Direct Program by Activities—Subtotal | 12 | 47 | 26 |
| 08.02 | Payment of downward reestimate to receipt account | 3 | 1 | |
| 08.04 | Payment of excess interest earned to receipt account | 1 | | |
| 08.91 | Direct Program by Activities—Subtotal (1 level) | 4 | 1 | |
| 10.00 | Total new obligations | 16 | 48 | 26 |
| Budgetary resources available for obligation: | | | | |
| 21.40 | Unobligated balance carried forward, start of year | 2 | | |
| 22.00 | New financing authority (gross) | 15 | 49 | 26 |
| 23.90 | Total budgetary resources available for obligation | 17 | 49 | 26 |
| 23.95 | Total new obligations | -16 | -48 | -26 |
| New financing authority (gross), detail: | | | | |
| Mandatory: | | | | |
| 67.10 | Authority to borrow | 9 | 41 | 13 |
| Spending authority from offsetting collections: | | | | |
| Discretionary: | | | | |
| 68.00 | Offsetting collections (cash) | 11 | 12 | 17 |
| 68.47 | Portion applied to repay debt | -5 | -4 | -4 |
| 68.90 | Spending authority from offsetting collections (total discretionary) | 6 | 8 | 13 |
| 70.00 | Total new financing authority (gross) | 15 | 49 | 26 |

Change in obligated balances:

| | | | | |
|-------|---------------------------------------|-----|-----|-----|
| 72.40 | Obligated balance, start of year | | | 5 |
| 73.10 | Total new obligations | 16 | 48 | 26 |
| 73.20 | Total financing disbursements (gross) | -15 | -44 | -26 |
| 74.40 | Obligated balance, end of year | | 5 | 5 |
| 87.00 | Total financing disbursements (gross) | 15 | 44 | 26 |

Offsets:

Against gross financing authority and financing disbursements:

Offsetting collections (cash) from:

| | | | | |
|-------|---|-----|-----|-----|
| 88.00 | Federal sources: Reimbursements from NADL | -8 | -6 | -10 |
| 88.25 | Interest on uninvested funds | -1 | | |
| 88.40 | Non-federal sources—Repayments and prepayments of principal | -1 | -2 | -3 |
| 88.40 | Non-Federal sources—Interest received on loans | -1 | -4 | -6 |
| 88.40 | Cash sale of property | | | 2 |
| 88.90 | Total, offsetting collections (cash) | -11 | -12 | -17 |

Net financing authority and financing disbursements:

| | | | | |
|-------|-------------------------|---|----|---|
| 89.00 | Financing authority | 4 | 37 | 9 |
| 90.00 | Financing disbursements | 5 | 32 | 9 |

Status of Direct Loans (in millions of dollars)

| Identification code 36-4130-0-3-704 | 2003 actual | 2004 est. | 2005 est. | |
|--|---|-----------|-----------|-----|
| Position with respect to appropriations act limitation on obligations: | | | | |
| 1111 | Limitation on direct loans | 50 | 30 | |
| 1121 | Limitation available from carry-forward | 100 | 100 | 80 |
| 1131 | Direct loan obligations exempt from limitation | 10 | | |
| 1142 | Unobligated direct loan limitation (-) | | -25 | -27 |
| 1143 | Unobligated limitation carried forward (P.L. 105-368) | -100 | -80 | -60 |
| 1150 | Total direct loan obligations | 20 | 20 | |
| 1150 | Total direct loan obligations | 10 | 25 | 3 |

Cumulative balance of direct loans outstanding:

| | | | | |
|----------------|--|----|----|----|
| 1210 | Outstanding, start of year | 18 | 25 | 58 |
| Disbursements: | | | | |
| 1231 | Direct loan disbursements | | 10 | 20 |
| 1231 | Direct loan disbursements | 10 | 25 | 3 |
| Repayments: | | | | |
| 1251 | Repayments and prepayments | | | |
| 1251 | Repayments and prepayments | -1 | -2 | -3 |
| 1264 | Write-offs for default: Other adjustments, net | -2 | | |
| 1290 | Outstanding, end of year | 25 | 58 | 78 |

Balance Sheet (in millions of dollars)

| Identification code 36-4130-0-3-704 | 2002 actual | 2003 actual | 2004 est. | 2005 est. |
|---|---|-------------|-----------|-----------|
| ASSETS: | | | | |
| Federal assets: | | | | |
| Investments in US securities: | | | | |
| 1106 | Receivables, net | | 1 | |
| 1107 | Advances and prepayments | 2 | | |
| Net value of assets related to post-1991 direct loans receivable: | | | | |
| 1401 | Direct loans receivable, gross | 18 | 25 | |
| 1402 | Interest receivable | 5 | | |
| 1499 | Net present value of assets related to direct loans | 23 | 25 | |
| 1901 | Other Federal assets: Other assets | | 1 | |
| 1999 | Total assets | 25 | 27 | |
| LIABILITIES: | | | | |
| Federal liabilities: | | | | |
| 2101 | Accounts payable | | 1 | |
| 2103 | Federal liabilities debt | 21 | 25 | |
| 2105 | Other liabilities | 4 | 1 | |
| 2999 | Total liabilities | 25 | 27 | |
| 4999 | Total liabilities and net position | 25 | 27 | |

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

This account contains information on the Native American Veterans Housing Loan program and the Guaranteed Transitional Housing Loans for Homeless Veterans program. The Transitional Housing loans are 100% guaranteed and use the Federal Financing Bank (FFB) as the lending institution. For

Credit accounts—Continued

**NATIVE AMERICAN AND TRANSITIONAL HOUSING DIRECT LOAN
FINANCING ACCOUNT—Continued**

budget purposes, all FFB loans shall be treated as direct loans.

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and beyond (including modifications of direct loans that resulted from obligations in any year). The amounts in the account are means of financing and are not included in the budget totals.

**VOCATIONAL REHABILITATION AND EDUCATION DIRECT LOAN
FINANCING ACCOUNT**

[(INCLUDING TRANSFER OF FUNDS)]

[For the cost of direct loans, \$1,000, as authorized by 38 U.S.C. 3698, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$3,400.]

[In addition, for administrative expenses necessary to carry out the direct loan program, \$70,000, which may be transferred to and merged with the appropriation for "General operating expenses".] (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

| Identification code 36-4259-0-3-702 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 00.01 Direct loans | 3 | 4 | 4 |
| 10.00 Total new obligations | 3 | 4 | 4 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | | 4 | |
| 22.00 New financing authority (gross) | 6 | 4 | 4 |
| 22.60 Portion applied to repay debt | | -4 | |
| 23.90 Total budgetary resources available for obligation | 6 | 4 | 4 |
| 23.95 Total new obligations | -3 | -4 | -4 |
| 24.40 Unobligated balance carried forward, end of year | 4 | | |
| New financing authority (gross), detail: | | | |
| Mandatory: | | | |
| 67.10 Authority to borrow (indefinite) | 3 | 4 | 4 |
| Spending authority from offsetting collections: | | | |
| Discretionary: | | | |
| 68.00 Offsetting collections (cash) | 3 | 4 | 4 |
| 68.47 Portion applied to repay debt | | -4 | -4 |
| 68.90 Spending authority from offsetting collections (total discretionary) | 3 | | |
| 70.00 Total new financing authority (gross) | 6 | 4 | 4 |
| Change in obligated balances: | | | |
| 73.10 Total new obligations | 3 | 4 | 4 |
| 73.20 Total financing disbursements (gross) | -3 | -4 | -4 |
| 87.00 Total financing disbursements (gross) | 3 | 4 | 4 |
| Offsets: | | | |
| Against gross financing authority and financing disbursements: | | | |
| 88.40 Offsetting collections (cash) from: Repayments and prepayments of principal | -3 | -4 | -4 |
| Net financing authority and financing disbursements: | | | |
| 89.00 Financing authority | 3 | | |
| 90.00 Financing disbursements | | | |

Status of Direct Loans (in millions of dollars)

| Identification code 36-4259-0-3-702 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Position with respect to appropriations act limitation on obligations: | | | |
| 1111 Limitation on direct loans | 3 | 4 | 4 |

| | | | |
|---|----|----|----|
| 1150 Total direct loan obligations | 3 | 4 | 4 |
| Cumulative balance of direct loans outstanding: | | | |
| 1210 Outstanding, start of year | 1 | 1 | 1 |
| 1231 Disbursements: Direct loan disbursements | 3 | 4 | 4 |
| 1251 Repayments: Repayments and prepayments (-) | -3 | -4 | -4 |
| 1290 Outstanding, end of year | 1 | 1 | 1 |

Balance Sheet (in millions of dollars)

| Identification code 36-4259-0-3-702 | 2002 actual | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-------------|-----------|-----------|
| ASSETS: | | | | |
| Investments in US securities: | | | | |
| 1106 Federal assets: Fund assets: Fund Balance with Treasury | | 4 | | |
| Net value of assets related to post-1991 direct loans receivable: | | | | |
| 1401 Direct loans receivable, gross | 1 | 1 | | |
| 1499 Net present value of assets related to direct loans | 1 | 1 | | |
| 1999 Total assets | 1 | 5 | | |
| LIABILITIES: | | | | |
| 2103 Federal liabilities: Debt | 1 | 5 | | |
| 2999 Total liabilities | 1 | 5 | | |
| 4999 Total liabilities and net position | 1 | 5 | | |

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

This account contains information on the Vocational Rehabilitation loan program. The Education Loan Program is no longer authorized pursuant to P.L. 108-183, effective December 16, 2003.

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and beyond (including modifications of direct loans that resulted from obligations in any year). The amounts in the account are a means of financing and are not included in the budget totals.

Trust Funds

POST-VIETNAM ERA VETERANS EDUCATION ACCOUNT

Unavailable Receipts (in millions of dollars)

| Identification code 36-8133-0-7-702 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| 01.99 Balance, start of year | | 1 | 1 |
| Receipts: | | | |
| 02.20 Deductions from military pay, Post-Vietnam era veterans education | 1 | 1 | 1 |
| 02.40 Contributions, Post-Vietnam era veterans education account | 1 | 1 | |
| 02.99 Total receipts and collections | 2 | 2 | 1 |
| 04.00 Total: Balances and collections | 2 | 3 | 2 |
| Appropriations: | | | |
| 05.00 Post-Vietnam era veterans education account | -1 | -2 | -2 |
| 07.99 Balance, end of year | 1 | 1 | |

Program and Financing (in millions of dollars)

| Identification code 36-8133-0-7-702 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 00.01 Payment to post-Vietnam era trainees | 1 | 2 | 2 |
| 00.03 Participant disenrollments | 3 | 9 | 3 |
| 10.00 Total new obligations | 4 | 11 | 5 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 79 | 76 | 67 |
| 22.00 New budget authority (gross) | 1 | 2 | 2 |

| | | | | |
|--|--|----|-----|----|
| 23.90 | Total budgetary resources available for obligation | 80 | 78 | 69 |
| 23.95 | Total new obligations | -4 | -11 | -5 |
| 24.40 | Unobligated balance carried forward, end of year | 76 | 67 | 64 |
| New budget authority (gross), detail: | | | | |
| Mandatory: | | | | |
| 60.26 | Appropriation (trust fund) | 1 | 2 | 2 |
| Change in obligated balances: | | | | |
| 72.40 | Obligated balance, start of year | 1 | 1 | 2 |
| 73.10 | Total new obligations | 4 | 11 | 5 |
| 73.20 | Total outlays (gross) | -4 | -10 | -6 |
| 74.40 | Obligated balance, end of year | 1 | 2 | 2 |
| Outlays (gross), detail: | | | | |
| 86.97 | Outlays from new mandatory authority | 1 | 2 | 2 |
| 86.98 | Outlays from mandatory balances | 3 | 8 | 4 |
| 87.00 | Total outlays (gross) | 4 | 10 | 6 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | 1 | 2 | 2 |
| 90.00 | Outlays | 5 | 10 | 6 |

This account consists of voluntary contributions by eligible servicepersons and matching contributions provided by the Department of Defense. The fund provides educational assistance payments to participants who entered the service after December 31, 1976, and are pursuing training under chapter 32, title 38, U.S.C. Section 901 is a non-contributory program with educational assistance provided by the Department of Defense. Public Law 99-576, enacted October 28, 1986, closed the program permanently for new enrollments effective March 31, 1987. Public Law 106-419, enacted November 1, 2000, provides qualified participants in this program another opportunity (through October 31, 2001) to convert to the All-Volunteer Force Educational Assistance program (Montgomery GI Bill). The estimated activity in the fund follows:

CONTRIBUTIONS, PARTICIPANTS, DISENROLLMENTS, REFUNDS AND TRAINEES

[In millions of dollars]

| | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Total budget authority | \$1 | \$2 | \$2 |
| Servicepersons contributions | \$1 | \$1 | \$0 |
| Transferred from Department of Defense (bonus) | \$1 | \$1 | \$1 |
| Transferred from Department of Defense (matching) | \$0 | \$1 | \$1 |
| Transferred from Department of Defense (section 901) | \$0 | \$0 | \$0 |
| Total participants (end of year) | 199,158 | 198,658 | 198,046 |
| Total contributors (end of year) | 552 | 700 | 488 |
| Average contribution per contributor (actual dollars) | \$1,288 | \$923 | \$989 |
| Number of disenrollments | 3,530 | 1,200 | 400 |
| Total refunds | \$3 | \$9 | \$3 |
| Total trainees | 740 | 880 | 700 |
| Total trainee cost | \$1 | \$2 | \$2 |
| Average cost per trainee (actual dollars) | \$1,584 | \$2,273 | \$2,757 |
| Section 901 trainees | 28 | 20 | 24 |

Object Classification (in millions of dollars)

| Identification code 36-8133-0-7-702 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| 41.0 Grants, subsidies, and contributions | 1 | 2 | 2 |
| 44.0 Refunds | 3 | 9 | 3 |
| 99.9 Total new obligations | 4 | 11 | 5 |

NATIONAL SERVICE LIFE INSURANCE FUND

Unavailable Receipts (in millions of dollars)

| Identification code 36-8132-0-7-701 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| 01.99 Balance, start of year | 10,027 | 9,795 | 9,487 |
| Receipts: | | | |
| 02.20 NSLI fund, Premium and other receipts | 176 | 166 | 156 |
| 02.40 NSLI fund, Interest | 783 | 735 | 683 |
| 02.41 NSLI fund, Payments from general and special funds | 1 | 1 | 1 |
| 02.99 Total receipts and collections | 960 | 902 | 840 |
| 04.00 Total: Balances and collections | 10,987 | 10,697 | 10,327 |
| Appropriations: | | | |
| 05.00 National service life insurance fund | -960 | -902 | -840 |

| | | | |
|--|--------|--------|--------|
| 05.01 National service life insurance fund | -232 | -308 | -362 |
| 05.99 Total appropriations | -1,192 | -1,210 | -1,202 |
| 07.99 Balance, end of year | 9,795 | 9,487 | 9,125 |

Program and Financing (in millions of dollars)

| Identification code 36-8132-0-7-701 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Direct: | | | |
| Operating expenses: | | | |
| 00.01 Death claims | 629 | 653 | 669 |
| 00.02 Disability claims | 12 | 11 | 10 |
| 00.03 Matured endowments | 6 | 8 | 9 |
| 00.04 Cash surrenders | 27 | 30 | 28 |
| 00.05 Dividends | 322 | 287 | 253 |
| 00.06 Interest paid on dividend credits and deposits | 54 | 56 | 52 |
| 00.07 Payment to Insurance account | 20 | 22 | 22 |
| 00.91 Total operating expenses | 1,070 | 1,067 | 1,043 |
| 02.01 Capital investment: Policy loans | 72 | 68 | 68 |
| 02.93 Total direct obligations | 1,142 | 1,135 | 1,111 |
| Reimbursable program: | | | |
| 09.01 Death claims | 285 | 292 | 301 |
| 09.02 Disability Claims | 5 | 5 | 4 |
| 09.03 Matured Endowments | 3 | 4 | 4 |
| 09.04 Cash Surrenders | 13 | 13 | 13 |
| 09.05 Dividends | 146 | 129 | 114 |
| 09.06 Interest paid on dividend credits and deposits | 24 | 25 | 23 |
| 09.07 Payment to Insurance account | 9 | 10 | 10 |
| 09.09 Reimbursable program | 485 | 478 | 469 |
| 10.00 Total new obligations | 1,627 | 1,613 | 1,580 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | 1,627 | 1,613 | 1,580 |
| 23.95 Total new obligations | -1,627 | -1,613 | -1,580 |

New budget authority (gross), detail:

| | | | |
|--|-------|-------|-------|
| Mandatory: | | | |
| 60.26 Appropriation (trust fund) | 960 | 902 | 840 |
| 69.00 Offsetting collections (cash) | 435 | 403 | 378 |
| 69.26 From offsetting collections (unavailable balances) | 232 | 308 | 362 |
| 69.90 Spending authority from offsetting collections (total mandatory) | 667 | 711 | 740 |
| 70.00 Total new budget authority (gross) | 1,627 | 1,613 | 1,580 |

Change in obligated balances:

| | | | |
|--|--------|--------|--------|
| 72.40 Obligated balance, start of year | 1,447 | 1,461 | 1,470 |
| 73.10 Total new obligations | 1,627 | 1,613 | 1,580 |
| 73.20 Total outlays (gross) | -1,613 | -1,604 | -1,576 |
| 74.40 Obligated balance, end of year | 1,461 | 1,470 | 1,474 |

Outlays (gross), detail:

| | | | |
|--|-------|-------|-------|
| 86.97 Outlays from new mandatory authority | 1,395 | 1,305 | 1,218 |
| 86.98 Outlays from mandatory balances | 218 | 299 | 358 |
| 87.00 Total outlays (gross) | 1,613 | 1,604 | 1,576 |

Offsets:

| | | | |
|---|------|------|------|
| Against gross budget authority and outlays: | | | |
| Offsetting collections (cash) from: | | | |
| 88.40 Repayments of loans | -124 | -115 | -107 |
| 88.40 Optional settlements | -2 | -2 | -2 |
| 88.40 Net income offsets adjustments | -309 | -286 | -269 |
| 88.90 Total, offsetting collections (cash) | -435 | -403 | -378 |

Net budget authority and outlays:

| | | | |
|------------------------|-------|-------|-------|
| 89.00 Budget authority | 1,192 | 1,210 | 1,202 |
| 90.00 Outlays | 1,178 | 1,201 | 1,198 |

Memorandum (non-add) entries:

| | | | |
|---|--------|--------|--------|
| 92.01 Total investments, start of year: Federal securities: | | | |
| Par value | 11,465 | 11,246 | 10,947 |
| 92.02 Total investments, end of year: Federal securities: | | | |
| Par value | 11,246 | 10,947 | 10,588 |

Note.—The Department of Veterans Affairs insurance policy loans are not an extension of Federal credit. Credit schedules previously shown for this account have been discontinued.

This fund was established in 1940. It is for the World War II servicemen's and veterans' insurance program. Over 22 million policies have been issued under this program. Activity of the fund reflects a rising claim workload. The trend

NATIONAL SERVICE LIFE INSURANCE FUND—Continued

in the number and amount of policies in force is shown as follows:

POLICIES AND INSURANCE IN FORCE

| | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Number of policies | 1,401,357 | 1,299,784 | 1,197,522 |
| Insurance in force (dollars in millions) | \$14,802 | \$14,006 | \$13,154 |

This fund is operated on a commercial basis to the extent possible. The income of the fund is derived from premium receipts, interest on investments, and payments which are made to the fund from the Veterans insurance and indemnities appropriation.

Assets of the fund, which are largely invested in special interest-bearing Treasury securities and in policy loans, are expected to decrease from \$11,612 million as of September 30, 2004 to \$11,164 million as of September 30, 2005. The actuarial estimate of policy obligations as of September 30, 2005, totals \$10,900 million, leaving a balance of \$264 million for contingency reserves.

The status of the fund, excluding noncash transactions, is as follows:

Status of Funds (in millions of dollars)

| Identification code 36-8132-0-7-701 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Unexpended balance, start of year: | | | |
| 0100 Uninvested balance | 8 | 9 | 9 |
| 0101 U.S. Securities: Par value | 11,465 | 11,246 | 10,947 |
| 0199 Total balance, start of year | 11,474 | 11,256 | 10,957 |
| Cash income during the year: | | | |
| Current law: | | | |
| Offsetting receipts (proprietary): | | | |
| 1220 NSLI fund, premium and other receipts | 176 | 166 | 156 |
| Offsetting receipts (intragovernmental): | | | |
| 1240 NSLI fund, interest | 783 | 735 | 683 |
| 1241 NSLI fund, payments from general and special funds | 1 | 1 | 1 |
| Offsetting collections: | | | |
| 1280 NSLI fund, offsetting collections | 435 | 403 | 378 |
| 1299 Income under present law | 1,395 | 1,305 | 1,218 |
| Cash outgo during year: | | | |
| Current law: | | | |
| 4500 National service life insurance fund | -1,613 | -1,604 | -1,576 |
| Unexpended balance, end of year: | | | |
| 8700 Uninvested balance | 9 | 9 | 9 |
| 8701 Federal securities: Par value | 11,246 | 10,947 | 10,588 |
| 8799 Total balance, end of year | 11,256 | 10,957 | 10,599 |

Object Classification (in millions of dollars)

| Identification code 36-8132-0-7-701 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Direct obligations: | | | |
| 33.0 Investments and loans | 72 | 68 | 68 |
| 42.0 Insurance claims and indemnities | 674 | 702 | 716 |
| 43.0 Interest and dividends | 396 | 365 | 327 |
| 99.0 Direct obligations | 1,142 | 1,135 | 1,111 |
| 99.0 Reimbursable obligations | 485 | 478 | 469 |
| 99.9 Total new obligations | 1,627 | 1,613 | 1,580 |

UNITED STATES GOVERNMENT LIFE INSURANCE FUND

Unavailable Receipts (in millions of dollars)

| Identification code 36-8150-0-7-701 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| 01.99 Balance, start of year | 44 | 39 | 34 |
| Receipts: | | | |
| 02.40 Interest and profits on investments in public debt securities, U | 4 | 3 | 3 |
| 04.00 Total: Balances and collections | 48 | 42 | 37 |

| Appropriations: | | | |
|--|----|----|----|
| 05.00 United States Government life insurance fund | -4 | -3 | -3 |
| 05.01 United States Government Life Insurance Fund | -5 | -5 | -4 |
| 05.99 Total appropriations | -9 | -8 | -7 |
| 07.99 Balance, end of year | 39 | 34 | 30 |

Program and Financing (in millions of dollars)

| Identification code 36-8150-0-7-701 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| Operating expenses: | | | |
| 00.01 Death claims | 2 | 2 | 2 |
| 00.06 Interest paid on dividend credits and deposits | 1 | 1 | 1 |
| 00.07 Other Costs | 1 | 1 | 1 |
| 09.01 Death Claims | 3 | 3 | 2 |
| 09.02 Dividends | 2 | 2 | 2 |
| 09.09 Reimbursable program | 5 | 5 | 4 |
| 10.00 Total new obligations | 9 | 9 | 8 |
| Budgetary resources available for obligation: | | | |
| 22.00 New budget authority (gross) | 9 | 9 | 8 |
| 23.95 Total new obligations | -9 | -9 | -8 |
| New budget authority (gross), detail: | | | |
| Mandatory: | | | |
| 60.26 Appropriation (trust fund) | 4 | 3 | 3 |
| 69.00 Offsetting collections (cash) | 1 | 1 | 1 |
| 69.26 From offsetting collections (unavailable balances) | 5 | 5 | 4 |
| 69.90 Spending authority from offsetting collections (total mandatory) | 6 | 6 | 5 |
| 70.00 Total new budget authority (gross) | 10 | 9 | 8 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 18 | 17 | 16 |
| 73.10 Total new obligations | 9 | 9 | 8 |
| 73.20 Total outlays (gross) | -10 | -10 | -9 |
| 74.40 Obligated balance, end of year | 17 | 16 | 14 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new mandatory authority | 5 | 4 | 4 |
| 86.98 Outlays from mandatory balances | 6 | 6 | 6 |
| 87.00 Total outlays (gross) | 11 | 10 | 10 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.40 Offsetting collections (cash) from: Repayments of loans | -1 | -1 | -1 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 9 | 8 | 7 |
| 90.00 Outlays | 10 | 9 | 9 |
| Memorandum (non-add) entries: | | | |
| 92.01 Total investments, start of year: Federal securities: Par value | 62 | 56 | 50 |
| 92.02 Total investments, end of year: Federal securities: Par value | 56 | 50 | 44 |

Note.—The Department of Veterans Affairs insurance policy loans are not an extension of Federal credit. Credit schedules previously shown for this account have been discontinued.

This fund was established in 1919 to receive premiums and pay claims on insurance issued under the provisions of the War Risk Insurance Act. The general decline in the activity of the fund is indicated in the following table:

POLICIES AND INSURANCE IN FORCE

| | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Number of policies | 11,770 | 10,370 | 9,050 |
| Insurance in force (dollars in millions) | \$37 | \$32 | \$28 |

The fund is operated on a commercial basis to the extent possible. The income of the fund is derived from interest on investments and payments from the Veterans insurance and indemnities appropriation. Effective January 1, 1983, premiums were discontinued because reserves held in the fund were adequate to meet future liabilities of the program.

Assets of the fund, which are largely invested in interest-bearing securities and policy loans, are estimated to decrease from \$52 million as of September 30, 2004, to \$46 million

as of September 30, 2005, as an increasing number of policies mature through death or disability. The actuarial evaluation of policy obligations as of September 30, 2005, totals \$45 million, leaving a balance of \$1 million for contingency reserves.

The status of the fund, excluding noncash transactions, is as follows:

| Status of Funds (in millions of dollars) | | | | |
|---|-------------|-----------|-----------|--|
| Identification code 36-8150-0-7-701 | | | | |
| | 2003 actual | 2004 est. | 2005 est. | |
| Unexpended balance, start of year: | | | | |
| 0101 U.S. Securities: Par value | 62 | 56 | 50 | |
| 0199 Total balance, start of year | 62 | 56 | 50 | |
| Cash income during the year: | | | | |
| Current law: | | | | |
| Offsetting receipts (intragovernmental): | | | | |
| 1240 Interest and profits on investments in public debt securities, USGLI, VA | 4 | 3 | 3 | |
| Offsetting collections: | | | | |
| 1280 Offsetting collections, USGLI | 1 | 1 | 1 | |
| 1299 Income under present law | 5 | 4 | 4 | |
| Cash outgo during year: | | | | |
| Current law: | | | | |
| 4500 United States government life insurance fund | -10 | -10 | -9 | |
| Unexpended balance, end of year: | | | | |
| 8701 Federal securities: Par value | 56 | 50 | 44 | |
| 8799 Total balance, end of year | 56 | 50 | 44 | |

| Object Classification (in millions of dollars) | | | | |
|--|-------------|-----------|-----------|--|
| Identification code 36-8150-0-7-701 | | | | |
| | 2003 actual | 2004 est. | 2005 est. | |
| Direct obligations: | | | | |
| 42.0 Insurance claims and indemnities | 2 | 2 | 2 | |
| 43.0 Interest and dividends | 2 | 2 | 2 | |
| 99.0 Direct obligations | 4 | 4 | 4 | |
| 99.0 Reimbursable obligations | 5 | 5 | 4 | |
| 99.9 Total new obligations | 9 | 9 | 8 | |

VETERANS SPECIAL LIFE INSURANCE FUND

Program and Financing (in millions of dollars)

| Identification code 36-8455-0-8-701 | | | | |
|--|-------------|-----------|-----------|--|
| | 2003 actual | 2004 est. | 2005 est. | |
| Obligations by program activity: | | | | |
| 09.01 Death claims | 61 | 70 | 76 | |
| 09.02 Cash surrenders | 4 | 4 | 5 | |
| 09.03 Dividends | 88 | 87 | 83 | |
| 09.04 All other | 36 | 36 | 28 | |
| 09.05 Payments to Insurance account | 5 | 6 | 6 | |
| 09.06 Capital investment | 15 | 16 | 16 | |
| 10.00 Total new obligations | 209 | 219 | 214 | |
| Budgetary resources available for obligation: | | | | |
| 21.40 Unobligated balance carried forward, start of year | 1,516 | 1,540 | 1,548 | |
| 22.00 New budget authority (gross) | 233 | 227 | 222 | |
| 23.90 Total budgetary resources available for obligation | 1,749 | 1,767 | 1,770 | |
| 23.95 Total new obligations | -209 | -219 | -214 | |
| 24.40 Unobligated balance carried forward, end of year | 1,540 | 1,548 | 1,556 | |
| New budget authority (gross), detail: | | | | |
| Mandatory: | | | | |
| 69.00 Offsetting collections (cash) | 233 | 227 | 222 | |
| Change in obligated balances: | | | | |
| 72.40 Obligated balance, start of year | 292 | 312 | 333 | |
| 73.10 Total new obligations | 209 | 219 | 214 | |
| 73.20 Total outlays (gross) | -189 | -198 | -199 | |
| 74.40 Obligated balance, end of year | 312 | 333 | 348 | |
| Outlays (gross), detail: | | | | |
| 86.97 Outlays from new mandatory authority | 189 | 198 | 199 | |
| Offsets: | | | | |
| Against gross budget authority and outlays: | | | | |
| Offsetting collections (cash) from: | | | | |
| 88.20 Interest on Federal securities | -143 | -140 | -138 | |

| | | | | |
|--|---|-------|-------|-------|
| 88.40 | Interest on loans | -6 | -6 | -6 |
| 88.40 | Insurance premiums earned | -66 | -64 | -61 |
| 88.40 | Repayments of loans | -18 | -17 | -17 |
| 88.90 | Total, offsetting collections (cash) | -233 | -227 | -222 |
| Net budget authority and outlays: | | | | |
| 89.00 | Budget authority | | | |
| 90.00 | Outlays | -43 | -29 | -23 |
| Memorandum (non-add) entries: | | | | |
| 92.01 | Total investments, start of year: Federal securities: | | | |
| | Par value | 1,807 | 1,850 | 1,879 |
| 92.02 | Total investments, end of year: Federal securities: | | | |
| | Par value | 1,850 | 1,879 | 1,902 |

Note.—The Department of Veterans Affairs insurance policy loans are not an extension of Federal credit. Credit schedules previously shown for this account have been discontinued.

This fund finances the payment of claims on life insurance policies issued before January 3, 1957, to veterans who served in the Armed Forces subsequent to April 1, 1951. No new policies can be issued. Policyholders may elect to purchase total disability income coverage with the payment of additional premiums.

Budget program—

Death claims.—Represents payments to designated beneficiaries.

Cash surrenders.—A policyholder may terminate his or her insurance by cashing in the policy for its cash value.

Dividends.—Policyholders participate in the distribution of annual dividends.

All other.—Classified in this category are payments to policyholders who: (a) hold endowment policies which have matured; (b) have purchased total disability income coverage and subsequently become disabled; and (c) are paid interest on dividend credits and deposits.

The following table reflects the decrease in the number of policies and the amounts of insurance in force:

POLICIES AND INSURANCE IN FORCE

| | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Number of policies | 220,719 | 213,513 | 206,167 |
| Insurance in force (dollars in millions) | \$2,566 | \$2,516 | \$2,459 |

Financing.—Payments from this fund are financed primarily from premium receipts and interest on investments.

Operating results and financial condition.—Lower than expected death rates on insurance written against this fund has kept death claim payments well below the amount of premium and interest receipts, thereby producing an annual increase in the total revenue of the fund. Excess earnings of the fund are now distributed to the policyholders in the form of an annual dividend.

Object Classification (in millions of dollars)

| Identification code 36-8455-0-8-701 | | | | |
|-------------------------------------|--|-----------|-----------|-----|
| | 2003 actual | 2004 est. | 2005 est. | |
| 33.0 | Investments and loans | 15 | 15 | 16 |
| 42.0 | Insurance claims and indemnities | 83 | 92 | 91 |
| 43.0 | Interest and dividends | 111 | 112 | 107 |
| 99.9 | Total new obligations | 209 | 219 | 214 |

DEPARTMENTAL ADMINISTRATION

GENERAL ADMINISTRATION

For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including administrative expenses in support of Department-wide capital planning, management and policy activities, not to exceed \$25,000 for official reception and representation expenses, and reimbursement of the General Services Administration for security guard services, \$303,084,000, including no more than \$5,524,000 for construction.

GENERAL ADMINISTRATION—Continued

【GENERAL OPERATING EXPENSES】

【For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including administrative expenses in support of department-wide capital planning, management and policy activities, uniforms or allowances therefor; not to exceed \$25,000 for official reception and representation expenses; hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, and the Department of Defense for the cost of overseas employee mail, \$1,283,272,000: *Provided*, That expenses for services and assistance authorized under 38 U.S.C. 3104(a)(1), (2), (5), and (11) that the Secretary determines are necessary to enable entitled veterans: (1) to the maximum extent feasible, to become employable and to obtain and maintain suitable employment; or (2) to achieve maximum independence in daily living, shall be charged to this account: *Provided further*, That the Veterans Benefits Administration shall be funded at not less than \$1,005,000,000: *Provided further*, That of the funds made available under this heading, not to exceed \$66,000,000 shall be available for obligation until September 30, 2005: *Provided further*, That from the funds made available under this heading, the Veterans Benefits Administration may purchase up to two passenger motor vehicles for use in operations of that Administration in Manila, Philippines.】

【CONSTRUCTION, MAJOR PROJECTS】

【For constructing, altering, extending and improving any of the facilities including parking projects under the jurisdiction or for the use of the Department of Veterans Affairs, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, and 8122 of title 38, United States Code, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, where the estimated cost of a project is more than the amount set forth in 38 U.S.C. 8104(a)(3)(A) or where funds for a project were made available in a previous major project appropriation, \$272,690,000, to remain available until expended, of which \$181,000,000 shall be for Capital Asset Realignment for Enhanced Services (CARES) activities; and of which \$10,000,000 shall be to make reimbursements as provided in 41 U.S.C. 612 for claims paid for contract disputes: *Provided*, That except for advance planning activities, including needs assessments which may or may not lead to capital investments, and other capital asset management related activities, such as portfolio development and management activities, and investment strategy studies funded through the advance planning fund and the planning and design activities funded through the design fund and CARES funds, including needs assessments which may or may not lead to capital investments, none of the funds appropriated under this heading shall be used for any project which has not been approved by the Congress in the budgetary process: *Provided further*, That funds provided in this appropriation for fiscal year 2004, for each approved project (except those for CARES activities referenced above) shall be obligated: (1) by the awarding of a construction documents contract by September 30, 2004; and (2) by the awarding of a construction contract by September 30, 2005: *Provided further*, That the Secretary of Veterans Affairs shall promptly report in writing to the Committees on Appropriations any approved major construction project in which obligations are not incurred within the time limitations established above.】

【CONSTRUCTION, MINOR PROJECTS】

【For constructing, altering, extending, and improving any of the facilities including parking projects under the jurisdiction or for the use of the Department of Veterans Affairs, including planning and assessments of needs which may lead to capital investments, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, 8122, and 8162 of title 38, United States Code, where the estimated cost of a project is equal to or less than the amount set forth in 38 U.S.C. 8104(a)(3)(A), \$252,144,000, to remain available until expended, along with unobligated balances of previous “Construction, minor projects” appropriations which are hereby made available for any project where the estimated cost is equal to or

less than the amount set forth in 38 U.S.C. 8104(a)(3)(A), of which \$40,000,000 shall be for Capital Asset Realignment for Enhanced Services (CARES) activities: *Provided*, That from amounts appropriated under this heading, additional amounts may be used for CARES activities upon notification of and approval by the Committees on Appropriations: *Provided further*, That funds in this account shall be available for: (1) repairs to any of the nonmedical facilities under the jurisdiction or for the use of the department which are necessary because of loss or damage caused by any natural disaster or catastrophe; and (2) temporary measures necessary to prevent or to minimize further loss by such causes.】 (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

| Program and Financing (in millions of dollars) | | | |
|---|-------------|-----------|-----------|
| Identification code 36-0151-0-1-700 | 2003 actual | 2004 est. | 2005 est. |
| Obligations by program activity: | | | |
| Direct program: | | | |
| 00.11 General administration | 255 | 288 | 300 |
| 00.12 Major Construction | 2 | 2 | 2 |
| 00.30 Minor Construction | 8 | 3 | 4 |
| 01.00 Total Direct Program | 265 | 293 | 306 |
| Reimbursable program: | | | |
| 09.01 Administration of housing credit programs | 4 | 4 | 4 |
| 09.04 Other reimbursable programs | 201 | 278 | 336 |
| 09.99 Total reimbursable program | 205 | 282 | 340 |
| 10.00 Total new obligations | 470 | 575 | 646 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 18 | 79 | 3 |
| 22.00 New budget authority (gross) | 534 | 562 | 643 |
| 22.21 Unobligated balance of FY 2003 emergency supp transferred to Compensation | | -63 | |
| 23.90 Total budgetary resources available for obligation | 552 | 578 | 646 |
| 23.95 Total new obligations | -470 | -575 | -646 |
| 23.98 Unobligated balance expiring or withdrawn | -3 | | |
| 24.40 Unobligated balance carried forward, end of year | 79 | 3 | |
| New budget authority (gross), detail: | | | |
| Discretionary: | | | |
| 40.00 Appropriation | 331 | 282 | 303 |
| 40.35 Appropriation permanently reduced pursuant to P.L. 108-7 | -2 | | |
| 40.35 Appropriation permanently reduced pursuant to H.R. 2673 | | -2 | |
| 43.00 Appropriation (total discretionary) | 329 | 280 | 303 |
| Spending authority from offsetting collections: | | | |
| 68.00 Offsetting collections (cash) | 200 | 282 | 340 |
| 68.10 Change in uncollected customer payments from Federal sources (unexpired) | 5 | | |
| 68.90 Spending authority from offsetting collections (total discretionary) | 205 | 282 | 340 |
| 70.00 Total new budget authority (gross) | 534 | 562 | 643 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 29 | 41 | 65 |
| 73.10 Total new obligations | 470 | 575 | 646 |
| 73.20 Total outlays (gross) | -451 | -552 | -632 |
| 73.40 Adjustments in expired accounts (net) | -2 | | |
| 74.00 Change in uncollected customer payments from Federal sources (unexpired) | -5 | | |
| 74.40 Obligated balance, end of year | 41 | 65 | 79 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new discretionary authority | 415 | 504 | 580 |
| 86.93 Outlays from discretionary balances | 36 | 48 | 52 |
| 87.00 Total outlays (gross) | 451 | 552 | 632 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.00 Offsetting collections (cash) from: Federal sources | -200 | -282 | -340 |
| Against gross budget authority only: | | | |
| 88.95 Change in uncollected customer payments from Federal sources (unexpired) | -5 | | |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 329 | 280 | 303 |
| 90.00 Outlays | 251 | 270 | 292 |

¹The total cost of administering veterans insurance programs is funded through direct appropriations to this account and through reimbursements from the insurance trust fund.

This appropriation provides for the Department's top management direction and administrative support, including data processing, fiscal, personnel, and legal services.

General administration.—Includes Departmental executive direction, Departmental Support offices, the General Counsel, the Board of Veterans Appeals, and the Board of Contract Appeals.

Additionally, funding is provided for capital asset investments.

The Pershing Hall Revolving Fund was created to operate and manage Pershing Hall, an asset of the United States, located in Paris, France. All operating expenses for Pershing Hall are borne by the revolving fund and all receipts generated by the operation of Pershing Hall are deposited in the revolving fund.

Object Classification (in millions of dollars)

| Identification code 36-0151-0-1-700 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Direct obligations: | | | |
| Personnel compensation: | | | |
| 11.1 Full-time permanent | 130 | 143 | 148 |
| 11.5 Other personnel compensation | 22 | 24 | 24 |
| 11.9 Total personnel compensation | 152 | 167 | 172 |
| 12.1 Civilian personnel benefits | 38 | 54 | 55 |
| 21.0 Employee travel | 3 | 4 | 4 |
| 23.1 Rental payments to GSA | 17 | 18 | 19 |
| 23.3 Communications, utilities, and miscellaneous charges | 3 | 4 | 4 |
| 24.0 Printing and reproduction | 1 | 1 | 1 |
| 25.2 Other services | 34 | 34 | 36 |
| 26.0 Supplies and materials | 2 | 3 | 3 |
| 31.0 Equipment | 5 | 3 | 4 |
| 32.0 Land and structures | 10 | 5 | 8 |
| 99.0 Direct obligations | 265 | 293 | 306 |
| 99.0 Reimbursable obligations | 205 | 282 | 340 |
| 99.9 Total new obligations | 470 | 575 | 646 |

Personnel Summary

| Identification code 36-0151-0-1-700 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Direct: | | | |
| 1001 Total compensable workyears: Civilian full-time equivalent employment ¹ | 1,918 | 2,034 | 2,140 |
| Reimbursable: | | | |
| 2001 Total compensable workyears: Civilian full-time equivalent employment | 467 | 553 | 492 |

¹ Reflects FTE treated as reimbursements in all years and the effects of Credit Reform, per P.L. 101-508.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$65,432,000, including no more than \$721,000 for construction. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

| Identification code 36-0170-0-1-705 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 01.01 Direct program | 54 | 65 | 65 |
| 01.03 Construction, minor projects | 1 | 1 | 1 |
| 01.92 Total direct program | 55 | 66 | 66 |
| 09.01 Reimbursable program | 3 | 3 | 3 |
| 10.00 Total new obligations | 58 | 69 | 69 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 1 | 4 | 1 |
| 22.00 New budget authority (gross) | 61 | 65 | 68 |
| 23.90 Total budgetary resources available for obligation | 62 | 69 | 69 |
| 23.95 Total new obligations | -58 | -69 | -69 |

| | | | |
|---|-----|-----|-----|
| 24.40 Unobligated balance carried forward, end of year | 4 | 1 | 1 |
| New budget authority (gross), detail: | | | |
| Discretionary: | | | |
| 40.00 Appropriation | 59 | 63 | 65 |
| 40.35 Appropriation permanently reduced (Pursuant to PL 108-7) | -1 | | |
| 40.35 Appropriation permanently reduced (Pursuant to HR 2673) | | -1 | |
| 43.00 Appropriation (total discretionary) | 58 | 62 | 65 |
| 68.00 Spending authority from offsetting collections: Offsetting collections (cash) | 3 | 3 | 3 |
| 70.00 Total new budget authority (gross) | 61 | 65 | 68 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 10 | 10 | 12 |
| 73.10 Total new obligations | 58 | 69 | 69 |
| 73.20 Total outlays (gross) | -57 | -67 | -66 |
| 73.40 Adjustments in expired accounts (net) | -1 | | |
| 74.40 Obligated balance, end of year | 10 | 12 | 15 |
| Outlays (gross), detail: | | | |
| 86.90 Outlays from new discretionary authority | 51 | 54 | 56 |
| 86.93 Outlays from discretionary balances | 6 | 13 | 10 |
| 87.00 Total outlays (gross) | 57 | 67 | 66 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.00 Offsetting collections (cash) from: Federal sources | -3 | -3 | -3 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | 58 | 62 | 65 |
| 90.00 Outlays | 54 | 64 | 63 |

This appropriation provides Department-wide audit, investigation, and healthcare inspection and support functions to identify and report weaknesses and deficiencies in VA programs and operations that create conditions for existing or potential instances of criminal activity, fraud, waste, and mismanagement. The audit function plans and conducts internal programmatic audits of all facets of VA operations as well as contract audit services for all applicable Department contracts. The investigative function conducts criminal and administrative investigations of improper and illegal activities involving VA programs, personnel, beneficiaries, and other third parties. The healthcare inspection function performs legislatively mandated medical care quality assurance reviews and oversight. The support function provides office administration.

Additionally, funding is provided for capital asset investments.

Object Classification (in millions of dollars)

| Identification code 36-0170-0-1-705 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Direct obligations: | | | |
| 11.1 Personnel compensation: Full-time permanent | 32 | 37 | 37 |
| 12.1 Civilian personnel benefits | 9 | 10 | 10 |
| 21.0 Employee Travel | 3 | 3 | 3 |
| 23.1 Rental payments to GSA | 3 | 3 | 4 |
| 25.2 Other services | 6 | 10 | 9 |
| 31.0 Equipment | 1 | 2 | 1 |
| 32.0 Land and structures | 1 | 1 | 1 |
| 99.0 Direct obligations | 55 | 66 | 65 |
| 99.0 Reimbursable obligations | 3 | 3 | 3 |
| 99.9 Total new obligations | 58 | 69 | 68 |

Personnel Summary

| Identification code 36-0170-0-1-705 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Direct: | | | |
| 1001 Total compensable workyears: Civilian full-time equivalent employment | 378 | 417 | 417 |
| Reimbursable: | | | |
| 2001 Total compensable workyears: Civilian full-time equivalent employment | 21 | 25 | 25 |

SUPPLY FUND

Program and Financing (in millions of dollars)

| Identification code 36-4537-0-4-705 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 09.01 Reimbursable program-COGS-Merchandizing | 1,504 | 1,616 | 1,672 |
| 09.02 Reimbursable program-Other-Operations | 65 | 65 | 65 |
| 09.03 Reimbursable program-COGS-Printing and Publications | 5 | 5 | 5 |
| 09.04 Reimbursable program-Other | 2 | 2 | 2 |
| 09.05 Reimbursable program-Equipment-Procurement Services and Distribution | 2 | 3 | 3 |
| 10.00 Total new obligations | 1,578 | 1,691 | 1,747 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 274 | 477 | 477 |
| 22.00 New budget authority (gross) | 1,781 | 1,691 | 1,747 |
| 23.90 Total budgetary resources available for obligation | 2,055 | 2,168 | 2,224 |
| 23.95 Total new obligations | -1,578 | -1,691 | -1,747 |
| 24.40 Unobligated balance carried forward, end of year | 477 | 477 | 477 |
| New budget authority (gross), detail: | | | |
| Mandatory: | | | |
| 69.00 Offsetting collections (cash) | 1,529 | 1,691 | 1,747 |
| 69.10 Change in uncollected customer payments from Federal sources (unexpired) | 252 | | |
| 69.90 Spending authority from offsetting collections (total mandatory) | 1,781 | 1,691 | 1,747 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 188 | 298 | 298 |
| 73.10 Total new obligations | 1,578 | 1,691 | 1,747 |
| 73.20 Total outlays (gross) | -1,216 | -1,691 | -1,747 |
| 74.00 Change in uncollected customer payments from Federal sources (unexpired) | -252 | | |
| 74.40 Obligated balance, end of year | 298 | 298 | 298 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new mandatory authority | 1,216 | 1,691 | 1,747 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.00 Offsetting collections (cash) from: Federal sources | -1,529 | -1,691 | -1,747 |
| Against gross budget authority only: | | | |
| 88.95 Change in uncollected customer payments from Federal sources (unexpired) | -252 | | |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | | |
| 90.00 Outlays | -313 | | |

Under the provisions of 38 U.S.C. 8121, the Supply Fund is responsible for the operation and maintenance of a supply system for VA. The Supply Fund is an intragovernmental revolving fund without fiscal year limitations.

Budget program.—The fund provides financial support for: (1) a National Acquisition Center or central contracting office; (2) the maintenance of field station inventories; (3) a service and distribution center; (4) a service and reclamation program; (5) a national prosthetics distribution center; and (6) an asset management service.

Costs for the administration of supply activities at VA field stations are not financed by the Supply Fund. These costs are charged directly to applicable appropriations accounts.

Financing.—Costs of supplies, equipment, and services acquired through the Supply Fund and Supply Fund operating costs are recovered through reimbursements from the VA appropriations and other Government agencies receiving goods and services. For 2005, Supply Fund sales are estimated to reach \$1.5 billion. Average inventory needed to support those sales will be \$32 million.

Operating results.—The Fund operated at a profit of \$19 million in 2003. The new total of retained earnings is \$97 million. Operating expense as related to sales was 6 percent.

Object Classification (in millions of dollars)

| Identification code 36-4537-0-4-705 | 2003 actual | 2004 est. | 2005 est. |
|-------------------------------------|-------------|-----------|-----------|
| Personnel compensation: | | | |
| 11.1 Full-time permanent | 27 | 30 | 30 |

| | | | |
|---|-------|-------|-------|
| 11.5 Other personnel compensation | 1 | 1 | 1 |
| 11.9 Total personnel compensation | 28 | 31 | 31 |
| 12.1 Civilian personnel benefits | 6 | 6 | 7 |
| 21.0 Travel and transportation of persons | 3 | 3 | 4 |
| 22.0 Transportation of things | 6 | 4 | 4 |
| 23.1 Rental payments to GSA | 2 | 2 | 2 |
| 23.3 Communications, utilities, and miscellaneous charges | 3 | 3 | 3 |
| 24.0 Printing and reproduction | 5 | 6 | 6 |
| 25.1 Advisory and assistance services | 653 | 624 | 640 |
| 26.0 Supplies and materials | 390 | 528 | 548 |
| 31.0 Equipment | 482 | 484 | 502 |
| 99.9 Total new obligations | 1,578 | 1,691 | 1,747 |

Personnel Summary

| Identification code 36-4537-0-4-705 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Reimbursable: | | | |
| 2001 Total compensable workyears: Civilian full-time equivalent employment | 410 | 433 | 433 |

FRANCHISE FUND

Program and Financing (in millions of dollars)

| Identification code 36-4539-0-4-705 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Obligations by program activity: | | | |
| 09.01 Reimbursable program | 194 | 222 | 235 |
| 10.00 Total new obligations | 194 | 222 | 235 |
| Budgetary resources available for obligation: | | | |
| 21.40 Unobligated balance carried forward, start of year | 53 | 73 | 73 |
| 22.00 New budget authority (gross) | 214 | 222 | 235 |
| 23.90 Total budgetary resources available for obligation | 267 | 295 | 308 |
| 23.95 Total new obligations | -194 | -222 | -235 |
| 24.40 Unobligated balance carried forward, end of year | 73 | 73 | 73 |
| New budget authority (gross), detail: | | | |
| Mandatory: | | | |
| 69.00 Offsetting collections (cash) | 200 | 209 | 222 |
| 69.10 Change in uncollected customer payments from Federal sources (unexpired) | 14 | 13 | 13 |
| 69.90 Spending authority from offsetting collections (total mandatory) | 214 | 222 | 235 |
| Change in obligated balances: | | | |
| 72.40 Obligated balance, start of year | 20 | 17 | 4 |
| 73.10 Total new obligations | 194 | 222 | 235 |
| 73.20 Total outlays (gross) | -183 | -222 | -235 |
| 74.00 Change in uncollected customer payments from Federal sources (unexpired) | -14 | -13 | -13 |
| 74.40 Obligated balance, end of year | 17 | 4 | -9 |
| Outlays (gross), detail: | | | |
| 86.97 Outlays from new mandatory authority | 183 | 222 | 235 |
| Offsets: | | | |
| Against gross budget authority and outlays: | | | |
| 88.00 Offsetting collections (cash) from: Federal sources | -200 | -209 | -222 |
| Against gross budget authority only: | | | |
| 88.95 Change in uncollected customer payments from Federal sources (unexpired) | -14 | -13 | -13 |
| Net budget authority and outlays: | | | |
| 89.00 Budget authority | | | |
| 90.00 Outlays | -17 | 13 | 13 |

VA was chosen as a pilot Franchise Fund agency under the Government Management and Reform Act, P.L. 103-356, of 1994. This budget's general provisions extends the authority under that Act. Established in 1997, administrative services included in the Franchise Fund are financed on a fee-for-service basis rather than through VA's General Administration appropriation. VA Enterprise Centers are the lines of business within the VA Franchise Fund and are expected to have net billings of about \$235 million and employ 705. The Franchise Fund concept is intended to increase competition for government administrative services resulting in lower costs and higher quality.

Object Classification (in millions of dollars)

| Identification code 36-4539-0-4-705 | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| 11.1 Personnel compensation: Full-time permanent | 53 | 45 | 46 |
| 12.1 Civilian personnel benefits | 9 | 10 | 10 |
| 21.0 Travel and transportation of persons | 2 | 3 | 3 |
| 23.1 Rental payments to GSA | 1 | 6 | 6 |
| 23.3 Communications, utilities, and miscellaneous charges | 24 | 32 | 36 |
| 24.0 Printing and reproduction | 3 | 5 | 8 |
| 25.2 Other services | 80 | 103 | 110 |
| 26.0 Supplies and materials | 2 | 2 | 2 |
| 31.0 Equipment | 18 | 16 | 14 |
| 32.0 Land and structures | 2 | | |
| 99.9 Total new obligations | 194 | 222 | 235 |

Personnel Summary

| Identification code 36-4539-0-4-705 | 2003 actual | 2004 est. | 2005 est. |
|--|-------------|-----------|-----------|
| Reimbursable: | | | |
| 2001 Total compensable workyears: Civilian full-time equivalent employment | 662 | 702 | 705 |

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

| | 2003 actual | 2004 est. | 2005 est. |
|---|-------------|-----------|-----------|
| Offsetting receipts from the public: | | | |
| 36-247300 Contributions from military personnel, Veteran's Educational Assistance Act of 1984 | 220 | 228 | 239 |
| 36-273330 Housing downward reestimates | 878 | 2,311 | |
| 36-275510 Housing negative subsidies | 8 | 18 | 217 |
| General Fund Offsetting receipts from the public | 1,106 | 2,557 | 456 |

ADMINISTRATIVE PROVISIONS

(INCLUDING TRANSFER OF FUNDS)

[SEC. 101. Any appropriation for fiscal year 2004 for "Compensation and pensions", "Readjustment benefits", and "Veterans insurance and indemnities" may be transferred to any other of the mentioned appropriations.]

SEC. 101. (a) Appropriations available for fiscal years 2005 and 2006 for operating expenses in the Disability Compensation Administration, Pensions Administration, Burial Administration, Insurance Administration, Education Administration, and Vocational Rehabilitation and Employment Administration accounts may be transferred to any other of the mentioned accounts for operating expense purposes to correct for assumptions used to restructure the VA's budget request: Provided, That the total amount transferred from or into any single account for operating expenses may not exceed the schedule in subsection (c).

(b) Appropriations available for fiscal years 2005 and 2006 for purposes of construction (non-grants) in the Disability Compensation Administration, Pensions Administration, Insurance Administration, Education Administration, Vocational Rehabilitation and Employment Administration, and Housing accounts may be transferred to any other of the mentioned accounts for construction expense purposes to correct for assumptions used to restructure the VA's budget request: Provided, That the total amount transferred from or into any single account for construction may not exceed the schedule in subsection (c).

(c) The limitation on transfers is ten percent in 2005, five percent in 2006, and zero percent thereafter.

(d) Appropriations available for operating expenses in the Medical Care and Medical and Prosthetic Research accounts may be transferred to each other for operating expense purposes to correct for assumptions used to restructure the VA's budget request: Provided, That the total amount transferred from or into any single account for operating expenses may not exceed ten percent in 2005, two-and-a-half percent in 2006, and zero percent thereafter.

(e) Transfers pursuant to this section shall be effective five days after notice thereof is transmitted to the appropriations committees of the House and Senate.

SEC. 102. Of the amounts provided for operating expenses in the Department's appropriations accounts, except for the Medical Care

and Medical and Prosthetic Research accounts, five percent is available until September 30, 2006.

SEC. 103. Appropriations available to the Department of Veterans Affairs for construction are available until expended.

SEC. [102] 104. Appropriations available to the Department of Veterans Affairs for fiscal year [2004] 2005 for salaries and expenses shall be available for services authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; lease of a facility or land or both; and uniforms or allowances therefore, as authorized by 5 U.S.C. 5901-5902.

[SEC. 103. No appropriations in this Act for the Department of Veterans Affairs (except the appropriations for "Construction, major projects", "Construction, minor projects", and the "Parking revolving fund") shall be available for the purchase of any site for or toward the construction of any new hospital or home.]

SEC. 105. Construction funds (non-grants) provided in this title are available for constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, or for any of the purposes set forth in sections 316, 2404, 2406, 8102 (excluding lease of a facility or land or both), 8103, 8106, 8108, 8109, 8110, 8122, and 8162 of title 38, United States Code, as appropriate to each account, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition. Such construction funds are also available for: (1) repairs to any of the nonmedical facilities under the jurisdiction or for the use of the Department which are necessary because of loss or damage caused by any natural disaster or catastrophe; and (2) temporary measures necessary to prevent or to minimize further loss by such causes. Except for advance planning activities, including needs assessments, other capital asset management related activities, investment strategy studies, design of projects and planning and design activities, including needs assessments, none of the funds appropriated for construction shall be used for any project where the estimated cost is \$7,000,000 or more, pursuant to section 8104 of title 38, U.S.C. Construction funds provided in each account for fiscal year 2005 for projects where the estimated cost is \$7,000,000 or more, shall be obligated: (1) by the awarding of construction documents contract by September 30, 2005; and (2) by the awarding of a design-build or construction contract by September 30, 2006. The Secretary shall promptly report in writing to the Committees on Appropriations any approved construction project of \$7,000,000 or more in which obligations are not incurred within the time limitations established above.

SEC. [104] 106. No appropriations in this Act for the Department of Veterans Affairs shall be available for hospitalization or examination of any persons (except beneficiaries entitled under the laws bestowing such benefits to veterans, and persons receiving such treatment under 5 U.S.C. 7901-7904 or 42 U.S.C. 5141-5204), unless reimbursement of cost is made to the "Medical [services]" care" account at such rates as may be fixed by the Secretary of Veterans Affairs.

SEC. 107. Appropriations available to the Department of Veterans Affairs for fiscal year 2005 for "Disability Compensation Benefits," "Pensions Benefits," "Education Benefits," "Vocational Rehabilitation and Employment Benefits," and "Insurance Benefits" shall be available for payment of prior year accrued obligations required to be recorded by law against the corresponding prior year accounts within the last quarter of fiscal year 2004.

SEC. [106] 108. Appropriations accounts available to the Department of Veterans Affairs for fiscal year [2004] 2005 shall be available to pay prior year obligations of corresponding prior year appropriations accounts resulting from title X of the Competitive Equality Banking Act, Public Law 100-86, except that if such obligations are from trust fund accounts they shall be payable from "Disability Compensation Benefits."

SEC. [107] 109. Notwithstanding any other provision of law, during fiscal year [2004] 2005, the Secretary of Veterans Affairs shall, from the National Service Life Insurance Fund (38 U.S.C. 1920), the Veterans' Special Life Insurance Fund (38 U.S.C. 1923), and the United States Government Life Insurance Fund (38 U.S.C. 1955), reimburse the "Insurance [operating expenses]" Administration" account for the cost of administration of the insurance programs financed through those accounts: Provided, That reimbursement shall be made only from the surplus earnings accumulated in an insurance program in fiscal year [2004] 2005 that are available for dividends in that program after claims have been paid and actuarially determined reserves

ADMINISTRATIVE PROVISIONS—Continued

(INCLUDING TRANSFER OF FUNDS)—Continued

have been set aside: *Provided further*, That if the cost of administration of an insurance program exceeds the amount of surplus earnings accumulated in that program, reimbursement shall be made only to the extent of such surplus earnings: *Provided further*, That the Secretary shall determine the cost of administration for fiscal year [2004] 2005 which is properly allocable to the provision of each insurance program and to the provision of any total disability income insurance included in such insurance program.

SEC. [108] 110. Notwithstanding any other provision of law, the Department of Veterans Affairs shall continue the Franchise Fund pilot program authorized to be established by section 403 of Public Law 103-356 until October 1, [2004] 2005: *Provided*, That the Franchise Fund, established by title I of Public Law 104-204 to finance the operations of the Franchise Fund pilot program, shall continue until October 1, [2004] 2005.

SEC. [109] 111. Amounts deducted from enhanced-use lease proceeds to reimburse an account for expenses incurred by that account during a prior fiscal year for providing enhanced-use lease services, may be obligated during the fiscal year in which the proceeds are received.

SEC. [110] 112. Funds available in any Department of Veterans Affairs appropriation for fiscal year [2004] 2005 or funds for salaries and other administrative expenses shall also be available to reimburse the Office of Resolution Management and the Office of Employment Discrimination Complaint Adjudication for all services provided at rates which will recover actual costs but not exceed \$29,318,000 for the Office of Resolution Management and \$3,059,000 for the Office of Employment and Discrimination Complaint Adjudication: *Provided*, That payments may be made in advance for services to be furnished based on estimated costs: *Provided further*, That amounts received shall be credited to "General [operating expenses] Administration" for use by the office that provided the service.

[SEC. 111. No appropriations in this Act for the Department of Veterans Affairs shall be available to enter into any new lease of real property if the estimated annual rental is more than \$300,000 unless the Secretary submits a report which the Committees on Appropriations of the Congress approve within 30 days following the date on which the report is received.]

SEC. 113. No appropriations in this Act for the Department of Veterans Affairs shall be available for hospitalization or treatment of any person by reason of eligibility under section 1710(a)(3) of title 38, United States Code, unless that person has disclosed to the Secretary of Veterans Affairs, in such form as the Secretary may require—

- (1) current, accurate third-party reimbursement information for purposes of section 1729 of such title; and
- (2) annual income information for purposes of section 1722 of such title.

[SEC. 113. Of the amounts provided in this Act, \$25,000,000 shall be for information technology initiatives to support the enterprise architecture of the Department of Veterans Affairs.]

SEC. 114. None of the funds in this Act may be used to implement sections 2 and 5 of Public Law 107-287.

[SEC. 115. Receipts that would otherwise be credited to the Veterans Extended Care Revolving Fund, the Medical Facilities Revolving Fund, the Special Therapeutic and Rehabilitation Fund, the Nursing Home Revolving Fund, the Veterans Health Services Improvement Fund, and the Parking Revolving Fund shall be deposited into the Medical Care Collections Fund, and shall be transferred to "Medical services", to remain available until expended, to carry out the purposes of "Medical services".]

SEC. 115. (a) Receipts that would otherwise be credited to the accounts listed in subsection (c) shall be deposited into the Medical Care Collections Fund, and shall be transferred to and merged with the Medical Care account, to remain available until expended, to carry out the purposes of the Medical Care account.

(b) The unobligated balances in the accounts listed in subsection (c), plus those in the Grants for Construction of State Extended Care Facilities account, shall be transferred to and merged with the Medical Care account and remain available until expended, to carry out the purposes of the Medical Care account: *Provided*, That the obligated balances in these accounts may be transferred to the Medical Care account at the discretion of the Secretary of Veterans Affairs and shall remain available until expended.

(c) Veterans Extended Care Revolving Fund; Medical Facilities Revolving Fund; Special Therapeutic and Rehabilitation Fund; Nursing Home Revolving Fund; Veterans Health Services Improvement Fund; and Parking Revolving Fund.

[SEC. 116. (a) The Secretary of Veterans Affairs shall conduct by contract a program of recovery audits for the fee basis and other medical services contracts with respect to payments for hospital care. Notwithstanding section 3302(b) of title 31, United States Code, amounts collected, by setoff or otherwise, as the result of such audits shall be available, without fiscal year limitation, for the purposes for which funds are appropriated under "Medical Care" and the purposes of paying a contractor a percent of the amount collected as a result of an audit carried out by the contractor.

(b) All amounts so collected under subsection (a) with respect to a designated health care region (as that term is defined in section 1729A(d)(2) of title 38, United States Code) shall be allocated, net of payments to the contractor, to that region.]

SEC. [117] 116. Notwithstanding any other provision of law, at the discretion of the Secretary of Veterans Affairs, proceeds or revenues derived from enhanced-use leasing activities (including disposal) that are deposited into the Medical Care Collections Fund may be transferred to and merged with ["Construction, major projects" and "Construction, minor projects" accounts] the "Medical Care" account and be used for construction (including site acquisition and disposition), alterations and improvements of any medical facility under the jurisdiction or for the use of the Department of Veterans Affairs. Such sums as realized are in addition to the amount provided for in ["Construction, major projects" and "Construction, minor projects"] such account.

SEC. 117. Notwithstanding any other provision of law, the unobligated balances in the Construction, Major Projects and Construction, Minor Projects shall be transferred to with each appropriation provided in this Act as appropriate, and shall remain available under the terms under which originally appropriated.

SEC. 118. Any discretionary appropriation for fiscal year 2005 for "Disability Compensation Administration", "Pensions Administration", "Education Administration" or "Vocational Rehabilitation and Employment Administration" may be transferred to the "Housing Program Account" for the purpose of providing funds for the nationwide property management contract if the administrative costs of such contract exceed \$8,800,000 in the budget year.

SEC. 119. The Department of Veterans Affairs is authorized to expend such sums as are available in the unobligated balances of the funds originally appropriated to Medical Care for emergency expenses resulting from the January 1994 earthquake in Southern California in Public Law 103-211, Emergency Supplemental Appropriations Act of 1994, for the same purposes of the Medical Care account, to remain available until expended.

SEC. 120. Chapter 17 of title 38, United States Code, is amended (1) in section 1705 by adding at the end the following new subsection: "(d) The Secretary may not enroll a veteran under paragraph (a)(7) and (a)(8) unless the veteran pays to the United States an annual enrollment fee of \$250"; (2) in section 1729A(b) by redesignating paragraphs (1) through (10) as paragraphs (2) through (11) and by adding at the beginning the following new paragraph (1): "(1) Section 1705(d) of this title."

SEC. 121. Notwithstanding 38 U.S.C. 1722A, the Secretary shall require a veteran enrolled in priority category 7 or 8 to pay the United States \$15 for each 30-day supply of medication furnished such veteran under chapter 17 of title 38, United States Code, on an outpatient basis for the treatment of a non-service-connected disability or condition.

SEC. 122. Section 1710B(b) of title 38, United States Code, is amended to read as follows: "(b) The Secretary shall ensure that the average daily census in nursing homes, domiciliaries, home care programs, and noninstitutional extended care services programs over which the Secretary has direct jurisdiction and for which the Secretary contracts, plus the average daily census of veterans for which the Secretary pays per diem to States for services in State homes, is not less in total than in fiscal year 1998."

SEC. 123. No funds of the Department of Veterans Affairs shall be available for hospital care, nursing home care, or medical services provided to any person under chapter 17 of title 38, United States Code, for a non-service-connected disability described in section 1729(a)(2) of such title, unless that person has disclosed to the Secretary of Veterans Affairs, in such form as the Secretary may require, current, accurate third-party reimbursement information for purposes of section 1729 of such title: *Provided*, That the Secretary may recover,

in the same manner as any other debt due the United States, the reasonable charges for such care or services from any person who does not make such disclosure as required: Provided further, That any amounts so recovered for care or services provided in a prior fiscal year may be obligated by the Secretary during the fiscal year in which amounts are received.

SEC. 124. Section 1722A(a)(3)(B) of title 38, United States Code, is amended by striking out “such veteran if such veteran were eligible for pension under section 1521” and inserting in lieu thereof “a veteran with no dependents under section 1521(d)”.

【SEC. 118. Amounts made available under “Medical services” are available—

(1) for furnishing recreational facilities, supplies, and equipment; and

(2) for funeral expenses, burial expenses, and other expenses incidental to funerals and burials for beneficiaries receiving care in the department.】

【SEC. 119. That such sums as may be deposited to the Medical Care Collections Fund pursuant to 38 U.S.C. 1729A may be transferred to “Medical services”, to remain available until expended for the purposes of this account.】

【SEC. 120. Amounts made available for fiscal year 2004 under the “Medical services”, “Medical administration”, and “Medical facilities” accounts may be transferred between the accounts to the extent necessary to implement the restructuring of the Veterans Health Administration accounts after notice of the amount and purpose of the transfer is provided to the Committees on Appropriations of the Senate and House of Representatives and a period of 30 days has elapsed: Provided, That the limitation on transfers is 20 percent in fiscal year 2004.】

【SEC. 121. The Department of Veterans Affairs shall implement the Veterans Health Administration account structure described under this Act by no later than 90 days after the date of enactment of this Act and shall submit its fiscal year 2005 budget justifications using the identical structure provided under this Act.】

【SEC. 122. That of the unobligated balances remaining from prior year recoveries under the heading “Medical care”, \$270,000,000 are rescinded.】 (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

TITLE IV—GENERAL PROVISIONS

SEC. 401. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 402. No funds appropriated by this Act may be expended—

(1) pursuant to a certification of an officer or employee of the United States unless—

(A) such certification is accompanied by, or is part of, a voucher or abstract which describes the payee or payees and the items or services for which such expenditure is being made; or

(B) the expenditure of funds pursuant to such certification, and without such a voucher or abstract, is specifically authorized by law; and

(2) unless such expenditure is subject to audit by the General Accounting Officer or is specifically exempt by law from such audit.

SEC. 403. None of the funds provided in this Act to any department or agency may be obligated or expended for: (1) the transportation of any officer or employee of such department or agency between the domicile and the place of employment of the officer or employee, with the exception of an officer or employee authorized such transportation under 31 U.S.C. 1344 or 5 U.S.C. 7905 or (2) to provide a cook, chauffeur, or other personal servants to any officer or employee of such department or agency.

SEC. 404. None of the funds provided in this Act may be used for payment, through grants or contracts, to recipients that do not share in the cost of conducting research resulting from proposals not specifically solicited by the Government: Provided, That the extent of cost sharing by the recipient shall reflect the mutuality of interest of the grantee or contractor and the Government in the research.

SEC. 405. None of the funds provided in this Act may be used, directly or through grants, to pay or to provide reimbursement for payment of the salary of a consultant (whether retained by the Federal Government or a grantee) at more than the daily equivalent

of the rate paid for level IV of the Executive Schedule, unless specifically authorized by law.

SEC. 406. None of the funds provided in this Act may be used to pay the expenses of, or otherwise compensate, non-Federal parties intervening in regulatory or adjudicatory proceedings. Nothing herein affects the authority of the Consumer Product Safety Commission pursuant to section 7 of the Consumer Product Safety Act (15 U.S.C. 2056 et seq.).

SEC. 407. Except as otherwise provided under existing law, or under an existing Executive order issued pursuant to an existing law, the obligation or expenditure of any appropriation under this Act for contracts for any consulting service shall be limited to contracts which are: (1) a matter of public record and available for public inspection; and (2) thereafter included in a publicly available list of all contracts entered into within 24 months prior to the date on which the list is made available to the public and of all contracts on which performance has not been completed by such date. The list required by the preceding sentence shall be updated quarterly and shall include a narrative description of the work to be performed under each such contract.

SEC. 408. None of the funds appropriated in this Act may be used to implement any cap on reimbursements to grantees for indirect costs, except as published in Office of Management and Budget Circular A–21.

SEC. 409. Such sums as may be necessary for fiscal year [2004] 2005 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

SEC. 410. (a) It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(b) In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

SEC. 411. None of the funds made available in this Act may be used for any program, project, or activity, when it is made known to the Federal entity or official to which the funds are made available that the program, project, or activity is not in compliance with any Federal law relating to risk assessment, the protection of private property rights, or unfunded mandates.

SEC. 412. Except in the case of entities that are funded solely with Federal funds or any natural persons that are funded under this Act, none of the funds in this Act shall be used for the planning or execution of any program to pay the expenses of, or otherwise compensate, non-Federal parties to lobby or litigate in respect to adjudicatory proceedings funded in this Act. A chief executive officer of any entity receiving funds under this Act shall certify that none of these funds have been used to engage in the lobbying of the Federal Government or in litigation against the United States unless authorized under existing law.

SEC. 413. No part of any funds appropriated in this Act shall be used by an agency of the executive branch, other than for normal and recognized executive-legislative relationships, for publicity or propaganda purposes, and for the preparation, distribution or use of any kit, pamphlet, booklet, publication, radio, television or film presentation designed to support or defeat legislation pending before the Congress, except in presentation to the Congress itself.

SEC. 414. All departments and agencies funded under this Act are encouraged, within the limits of the existing statutory authorities and funding, to expand their use of “E-Commerce” technologies and procedures in the conduct of their business practices and public service activities.

SEC. 415. None of the funds made available in this Act may be transferred to any department, agency, or instrumentality of the United States Government except pursuant to a transfer made by, or transfer authority provided in, this Act or any other appropriation Act.

SEC. 416. None of the funds provided in this Act to any department or agency shall be obligated or expended to procure passenger automobiles as defined in 15 U.S.C. 2001 with an EPA estimated miles per gallon average of less than 22 miles per gallon.

SEC. 417. Section 312 of the National Aeronautics and Space Administration Act of 1958, as amended, is further amended—

(1) by striking the second Sec. “312” and inserting “313”;

(2) by inserting the title, “Full Cost Appropriations Account Structure”, before Sec. 313;

(3) in subsection (a)—

(A) by striking “Human space flight” and inserting [“Space flight capabilities”] “*Exploration capabilities*”;

(B) by striking “*Science, aeronautics, and technology*” and inserting [“exploration”] “*Exploration, science and aeronautics*”; and

(C) by striking “2002” and inserting “2004”; and

(4) by striking subsection (c), and inserting the following new subsection:

“(c) The unexpired balances of prior appropriations to the Administration for activities authorized under this Act may be transferred to the new account established for such activity in subsection (a). Balances so transferred may be merged with funds in the newly established account and thereafter may be accounted for as one fund under the same terms and conditions”.

SEC. 418. None of the funds made available in this Act may be used to implement any policy prohibiting the Directors of the Veterans Integrated Service Networks from conducting outreach or marketing to enroll new veterans within their respective Networks.

[SEC. 419. None of the funds provided in this Act may be expended to apply, in a numerical estimate of the benefits of an agency action prepared pursuant to Executive Order No. 12866 or section 312 of the Clean Air Act (42 U.S.C. 7612), monetary values for adult premature mortality that differ based on the age of the adult.]

SEC. 419. It is the sense of Congress that no veteran should wait more than 30 days for an initial doctor’s appointment.

[SEC. 421. It is the sense of the Congress that human dosing studies of pesticides raises ethical and health questions.]

[SEC. 422. None of the funds made available to NASA in this Act may be used for voluntary separation incentive payments as provided for in subchapter II of chapter 35 of title 5, United States Code, unless the Administrator of NASA has first certified to Congress that such payments would not result in the loss of skills related to the safety of the Space Shuttle or the International Space Station or to the conduct of independent safety oversight in the National Aeronautics and Space Administration.]

[SEC. 423. Section 106(d) of the Housing and Community Development Act of 1974 (42 U.S.C. 5306(d)) is amended—

(1) in paragraph (3)(A), by striking “shall not exceed 2 percent” and inserting “shall not, subject to paragraph (6), exceed 3 percent”;

(2) in paragraph (5), by striking “not to exceed 1 percent” and inserting “subject to paragraph (6), not to exceed 3 percent”;

(3) by redesignating the second paragraph (5) and paragraph (6) as paragraphs (7) and (8), respectively; and

(4) by inserting after paragraph (5) the following:

“(6) Of the amounts received under paragraph (1), the State may deduct not more than an aggregate total of 3 percent of such amounts for—

“(A) administrative expenses under paragraph (3)(A); and

“(B) technical assistance under paragraph (5).”.]

[SEC. 424. NATIONAL ACADEMY OF SCIENCES STUDY. The matter under the heading “ADMINISTRATIVE PROVISIONS” under the heading “ENVIRONMENTAL PROTECTION AGENCY” in title III of division K of the Consolidated Appropriations Resolution, 2003 (117 Stat. 513), is amended—

(1) in the first sentence of the fifth undesignated paragraph (beginning “As soon as”), by inserting before the period at the end the following: “, and the impact of the final rule entitled ‘Prevention of Significant Deterioration (PSD) and Nonattainment New Source Review (NSR): Equipment Replacement Provision of the Routine Maintenance, Repair and Replacement Exclusion’, amending parts 51 and 52 of title 40, Code of Federal Regulations, and published in electronic docket OAR–2002–0068 on August 27, 2003”; and

(2) in the sixth undesignated paragraph (beginning “The National Academy of Sciences”), by striking “March 3, 2004” and inserting “January 1, 2005”.]

[SEC. 425. DESIGNATIONS OF AREAS FOR PM_{2.5} AND SUBMISSION OF IMPLEMENTATION PLANS FOR REGIONAL HAZE. (a) IN GENERAL.—Section 107(d) of the Clean Air Act (42 U.S.C. 7407(d)) is amended by adding at the end the following:

“(6) DESIGNATIONS.—

“(A) SUBMISSION.—Notwithstanding any other provision of law, not later than February 15, 2004, the Governor of each State shall submit designations referred to in paragraph (1) for the July 1997 PM_{2.5} national ambient air quality standards for each area within the State, based on air quality monitoring data collected in accordance with any applicable Federal reference methods for the relevant areas.

“(B) PROMULGATION.—Notwithstanding any other provision of law, not later than December 31, 2004, the Administrator shall, consistent with paragraph (1), promulgate the designations referred to in subparagraph (A) for each area of each State for the July 1997 PM_{2.5} national ambient air quality standards.

“(7) IMPLEMENTATION PLAN FOR REGIONAL HAZE.—

“(A) IN GENERAL.—Notwithstanding any other provision of law, not later than 3 years after the date on which the Administrator promulgates the designations referred to in paragraph (6)(B) for a State, the State shall submit, for the entire State, the State implementation plan revisions to meet the requirements promulgated by the Administrator under section 169B(e)(1) (referred to in this paragraph as ‘regional haze requirements’).

“(B) NO PRECLUSION OF OTHER PROVISIONS.—Nothing in this paragraph precludes the implementation of the agreements and recommendations stemming from the Grand Canyon Visibility Transport Commission Report dated June 1996, including the submission of State implementation plan revisions by the States of Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Utah, or Wyoming by December 31, 2003, for implementation of regional haze requirements applicable to those States.”.

(b) RELATIONSHIP TO TRANSPORTATION EQUITY ACT FOR THE 21ST CENTURY.—Except as provided in paragraphs (6) and (7) of section 107(d) of the Clean Air Act (as added by subsection (a)), section 6101, subsections (a) and (b) of section 6102, and section 6103 of the Transportation Equity Act for the 21st Century (42 U.S.C. 7407 note; 112 Stat. 463), as in effect on the day before the date of enactment of this Act, shall remain in effect.]

[SEC. 426. (a) TREATMENT OF PIONEER HOMES IN ALASKA AS STATE HOME FOR VETERANS.—The Secretary of Veterans Affairs may—

(1) treat the Pioneer Homes in the State of Alaska collectively as a single State home for veterans for purposes of section 1741 of title 38, United States Code; and

(2) make per diem payments to the State of Alaska for care provided to veterans in the Pioneer Homes in accordance with the provisions of that section.

(b) TREATMENT NOTWITHSTANDING NON-VETERAN RESIDENCY.—The Secretary may treat the Pioneer Homes as a State home under subsection (a) notwithstanding the residency of non-veterans in one or more of the Pioneer Homes.

(c) PIONEER HOMES DEFINED.—In this section, the term “Pioneer Homes” means the six regional homes in the State of Alaska known as Pioneer Homes, which are located in the following:

(1) Anchorage, Alaska.

(2) Fairbanks, Alaska.

(3) Juneau, Alaska.

(4) Ketchikan, Alaska.

(5) Palmer, Alaska.

(6) Sitka, Alaska.

(d) LIMITATION.—The number of beds occupied by veterans collectively in the six Pioneer Homes listed under subsection (c) for which per diem would be paid under this authority shall not exceed the number of veterans in state beds that otherwise would be permitted in Alaska under the Department of Veterans Affairs state home regulations governing the number of beds per veteran population.]

SEC. 420. Of the amounts available to the National Aeronautics and Space Administration, such sums as maybe necessary for the benefit of the families of the astronauts who died on board the Space Shuttle Columbia on February 1, 2003, are available under the terms of section 203(c)(13) of the National Aeronautics and Space Act of 1958, as amended, independent of the limitations established therein.

[SEC. 428. REGULATION OF SMALL ENGINES. (a) In considering any request from California to authorize the state to adopt or enforce standards of other requirements relating to the control of emissions from new non-road spark-ignition engines smaller than 50 horsepower, the Administrator shall give appropriate consideration to safety factors (including the potential increased risk of burn or fire) associated with compliance with the California standard.

(b) Not later than December 1, 2004, the Administrator of the Environmental Protection Agency shall propose regulations under the Clean Air Act that shall contain standards to reduce emissions from new nonroad spark-ignition engines smaller than 50 horsepower. Not later than December 31, 2005, the Administrator shall publish in the Federal Register final regulations containing such standards.

(c) No State or any political subdivision thereof may adopt or attempt to enforce any standard or other requirement applicable to spark ignition engines smaller than 50 horsepower.

(d) EXCEPTION FOR CALIFORNIA.—The prohibition in subsection (e) does not apply to or restrict in any way the authority granted to California under Section 209(e) of the Clean Air Act (42 U.S.C. 7543(e)).

(e) EXCEPTION FOR OTHER STATES.—The prohibition in subsection (c) does not apply to or restrict the authority of any state under Section 209(e)(2)(B) of the Clean Air Act (42 U.S.C. 7543(e)(2)(B)) to enforce standards or other requirements that were adopted by that state before September 1, 2003.】 (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)